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NEWS SUMMARY

GENERAL
Children shot in South Africa
Two coloured schoolchildren were shot dead and three wounded by police outside Capetown as the boycott of coloured and black schools spread throughout South Africa, Quenlin Peel writes.
Minister of Police, Louis le Grange, said the shootings happened after 400 youths stoned passing cars in a Cape town suburb. The children were the first to be killed in a clash with police since the start of the five-week boycott of schools in protest at their "inferior education."
The boycott has created an extremely volatile situation, according to black leaders. The deaths, the first in such a protest since the end of the black township riots of 1976 and 1977, in which more than 600 people died, are certain to be seen as a symbol of renewed confrontation with the Government.

Hostage 'failure'
The opening of the new Iranian parliament failed to provide the hoped-for lead to the resolution of the U.S. hostage crisis. Back page.

Italian deaths
A Rome policeman and a prominent Italian journalist were shot dead in separate attacks in a resurgence of Italy's guerrilla warfare. Page 2.

Bonn meeting
Italian and West German Foreign Ministers, Emilio Colombo and Hans-Dietrich Genscher, met in Bonn to prepare for today's meeting of the Common Market Foreign Ministers, expected to centre on Britain's contribution to the EEC budget.

Martial law
South Korea's military leaders are said to be preparing to set up a junta-like "ruling council" to conduct the nation's affairs under martial law edict. Page 6.

Mountain crash
Spanish military plane with ten aboard crashed in mountains near Las Palmas on a flight from Tenerife. Officials said there appeared to be no survivors.

British Rail plea
British Rail made a plea for an end to vandalism which "could cost the lives of countless passengers" after three more trains hit objects deliberately placed across railway tracks on Tuesday night.

Cash for Games
Ireland's highest trade union, the Transport and General Workers' Union, agreed to put up cash to send the country's team to the Moscow Olympics in defiance of the Irish Government.

Cotton ill
British Lions forward Fran Cotton suffered a mild heart attack in South Africa and may have to retire from playing Rugby. He is the seventh Lion to be seriously unfit since their arrival.

Search for gold
International salvage consortium is to launch an operation to try to recover the reported vast cargo of gold bullion on the British frigate *Lutina*, which sank off the Netherlands in 1799.

Briefly . . .
Six people, including two children, died when their vehicle set off a landslide in Namibia, South West Africa.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES	FALLS
NMC 19 + 4	Bass 217 - 4
Natnat Carboursing 118 + 10	Brent Chems. 140 - 4
Weeks Petroleum 453 + 35	British Home Stores 284 - 8
Albatic Exploration 70 + 5	Brown and Jackson 138 - 10
Ashley Mining 132 + 6	Caravans Int. 331 - 44
Dorminmin 650 + 44	Danish Bacon A 104 - 6
Gold Fields S.A. 1351 + 21	Dunhill 308 - 10
Kaiser Gold 1131 + 1	Electrocompcoats 498 - 10
Leichtard Explorin. 300 + 40	Elliot (B.I.) 243 - 7
Northern Mining 138 + 10	House of Fraser 189 - 5
North West Mining 56 + 5	Metal Box 280 - 4
Pisavidon 141 + 10	Necretti and Zambra 35 - 8
RTZ 365 + 10	Pittington 155 - 7
South African Land 294 + 16	Plessey 197 - 7
Strata Oil 28 + 9	Ranomes Sums 150 - 7
West Drie 538 + 2	Spring Grove 84 - 111
	Time Products 24 - 24
	Turner and Newall 83 - 3
	Unibest 272 - 10
	Ultramar 342 - 8

Exchequer 91% 52 1980 - 1
Treas 131% 2004-08

BNOC puts \$2 a barrel on all its North Sea crude

BY RAY DAFTER, ENERGY EDITOR

Motorists and buyers of heating oil face a new round of price increases as a result of the British National Oil Corporation's decision yesterday to raise North Sea crude oil prices by \$2 a barrel.

Other offshore producers are expected to follow suit in a move that is likely to raise petrol prices by at least another 2p a gallon.
BNOC told customers that it was putting \$2 a barrel on the prices of all crudes, to keep pace with recent price increases by other producing countries. As a result, the market value of Forties Field oil, one of the North Sea "marker" crudes, is raised to \$36.25.

That is \$8.25 a barrel more than Saudi Arabia charges for its light "market" oil but less than the effective selling prices of light African crudes, with which North Sea oil is usually equated. Nigeria's Bonny Light crude, for instance, costs \$36.71.
BNOC and Government officials were emphasising yesterday that the UK was following the latest wave of price increases, which began on May 14 when Saudi Arabia announced that it was adding 2 a barrel to its prices, from April 1.

Customers of BNOC, the main trader of North Sea oil, were told that the UK price increases would be backdated to May 20.
Refiners said that they would consider product prices in the light of increasing costs of crude oil from the North Sea and elsewhere. In the past few days, several companies, including Shell, Esso, British Petroleum and Texaco have added between 2p and 3p a gallon to pump prices of the petrol.

Those increases did not take account of the latest North Sea rises, or, in some cases, the most recent price adjustments of other crude oil producers. Foreignstar petrol usually costs between £1.34 and £1.36 a gallon.
Oil companies are trying to assess the effect of higher prices on petrol demand. Latest Energy Department figures show that petrol deliveries in the first three months of this year were up by more than 6 per cent on the same period last year. That indicates that big price increases this year did not impinge heavily on motoring habits.

Companies are concerned, however, about their ability to recover costs in the industrial and commercial sectors, where demand for fuel oil and gas oil is well down on last year, a reflection of mild weather and lower economic activity.
Fuel oil demand, down 12.4 per cent during the first three months this year against the first quarter of 1979, has also suffered from a switch to coal burning in power stations.

Consequently, companies report wide price competition in fuel oil and gas oil.
Prices are normally kept a commercial secret. But, according to two fuel consulting firms, Cambridge Information and Research Services and John Hall Associates, the price of heavy fuel oil sold in bulk to leading customers varies between 39.8p a gallon and 43.3p a gallon.
Large contracts for gas oil deliveries are said to be costing between 59p and 63p a gallon. Those prices are about double market levels in late 1978 and early 1979.

Although price increases for petrol and other oil products will aggravate Britain's inflation, Government revenues will benefit from dearer North Sea Oil. The Treasury has estimated

Steel union accepts cuts of 3,600 at Llanwern

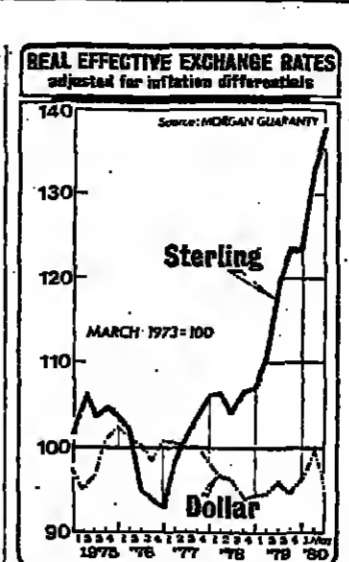
BY ALAN PIKE

THE British Steel Corporation achieved the second important breakthrough in its rationalisation programme within a fortnight yesterday. It concluded an agreement with the Iron and Steel Trades Confederation on 3,600 redundancies at Llanwern, South Wales.

The workforce will be cut from 5,500 to 4,900, with terms similar to those agreed this month for 6,000 redundancies at Port Talbot, the other South Wales works. Some workers, with the aid of European Coal and Steel Community funds, might receive payoffs of £17,000.
The rapid rundown in the South Wales steel industry has been vocally opposed by the Wales TUC, but yesterday's agreement suggests that the corporation has achieved its objective without a fight. Mr. Keith Brookman, an official of the ISTC, said that his union, the biggest in the industry, had decided that the cuts were in the best long-term interests of Llanwern if it was to survive.

Other union leaders asserted that their negotiating position had been undermined by the decision of the Port Talbot workers to accept redundancy. "The Corporation presented us with a copy of the Port Talbot deal. They told us flatly that if we didn't reach a similar settlement, Llanwern would be closed completely," Mr. Bill Booth, of the National Union of Blastfurnacemen, said.
Yesterday's agreement applies only to the ISTC, but other unions at the plant are expected to sign by the end of this week.
With the redundancies, designed to halve steel production in South Wales, an accomplished fact, the Wales TUC will have to concentrate its energies on fighting to attract new jobs to the affected areas. It will appeal for more aid to that end at a meeting

with Mr. Nicholas Edwards, Welsh Secretary, next week.
In London yesterday, Mr. Ian MacGregor, the Corporation's chairman-designate, said that the Corporation would be letting down its workforce and its management if it did not go for an increased share of the total available market. That is likely to be in the form of an increased emphasis on high-grade products.
Mr. MacGregor, who has this week spent two days on a fact-finding tour of Corporation plants in Wales, said: "I do not propose that BSC should take a second place to anyone."
By the time he becomes chairman in July, Mr. MacGregor should have received the first results from a study of the Corporation's operations, which he has commissioned from McKinsey and Co., the management consultants.



Sterling slips back

BY DAVID MARSH

STERLING fell back yesterday to close at \$2.3590 down 1.15 cents from its five year high of \$2.5705 reached on Tuesday. The dollar also recovered slightly against other major currencies from the low levels reached on Tuesday.
The pound's decline will come as slight relief to British exporters, whose competitiveness has been hard hit by its recent climb on the foreign exchanges. But sterling is still about 10 cents higher than at the end of last month, and the Government

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Economic Viewpoint, Page 25
New moves towards import curbs, Back Page

is still making clear that it has no intention of cutting interest rates or taking other measures to curb the currency's strength.
One positive aspect of the pound's appreciation has been that it has helped restrain the rise in import prices and thus modified the recent sharp increases in the inflation rate.
However, it emerged yesterday that the effect of the currency's strength in dampening inflationary pressures has been less than might have been expected.

Sterling has risen by about 11 per cent on a trade-weighted basis during the last 12 months. Since Britain's inflation rate is well above the international average, sterling's appreciation in real terms has been even higher. Morgan Guaranty's calculations show that the pound is more than 18 per cent higher than 12 months ago on the basis of its real effective exchange rate. This gives a broad measure of British industry's loss of international competitiveness during this time.
An 11 per cent rise in the trade weighted rate would over

Continued on Back Page

U.S. deficit fell in April

BY DAVID BUCHAN IN WASHINGTON

A DROP in oil imports was the overwhelming factor in the dramatic narrowing of the U.S. trade deficit in April — to \$1.58bn, the lowest monthly shortfall since May 1977.
The decline in the trade deficit has been steep since February this year, when it hit a record \$5.57bn. The deficit diminished to \$3.15bn in March, and the improvement continued last month.

U.S. Commerce Department officials commented yesterday that oil imports were falling for a variety of reasons. Higher OPEC prices were squeezing U.S. demand and domestic conservation measures were cutting consumption. Also, the onslaught of a recession in the economy meant that it was

operating slower and sucking in less imports.
The actual volume of oil imports in April was the smallest for four years—an average of 6.4m barrels a day, down from 7.3m barrels a day in March and 8.9m barrels a day in February.
U.S. Government economists say that just as oil imports rise disproportionately during an economic recovery, so they fall in a slump faster than the overall rate of economic decline.
The U.S. Administration forecast is for a somewhat larger trade shortfall in 1980 than the \$37.3bn deficit in 1979 (with insurance, and freight costs included in imports). So far the January-April deficit this year is \$15.36bn, compared to \$11.1bn in the same 1979 period.

Isle of Grain unions stay bitterly divided

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE RIFT between the main protagonists in the inter-union dispute at the Isle of Grain power station remained as wide as ever last night.
Reconciliations continued on both sides and Mr. John Baldwin, general secretary of the Amalgamated Union of Engineering Workers' construction section, said that he was prepared to see his members take over work done by members of the General and Municipal Workers' Union on sites elsewhere in Britain.

The issue of the open-ended bonus paid to the GMWU insulation engineers, or laggors, which lies at the heart of the Grain dispute, is on the verge of disrupting other sites as the insulation contractors and the GMWU insist on the maintenance of their separate agreements.
It may also threaten the talks now going on between the construction contractors, clients and unions on a comprehensive national agreement, and approaching a conclusion after nearly two years.

The meeting arranged yesterday by Mr. Len Murray, TUC general secretary, to discuss the dispute was boycotted by the AUEW and other unions, although the GMWU attended. Mr. Baldwin declined to meet the GMWU while his members were being "threatened and intimidated," and while pickets remained on the Isle of Grain.
Mr. David Bassett, general

secretary of the GMWU, who attended the meeting at the TUC with Mr. Frank Earl, a GMWU national officer, said afterwards that he had asked the TUC to hold fresh talks to find a solution to the dispute. Mr. Earl said that the other unions had behaved "disgracefully" in ignoring previous TUC guidelines and in taking the work previously done by the GMWU insulation engineers or laggors.

The dispute threatens to spread, because the Thermal Insulation Contractors' Association is at odds with the main contractors at the £500m Texaco-Gulf refinery expansion at Milford Haven, in Wales, and are likely to find the same situation repeated in other large power-plant sites.

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EUROPEAN NEWS

13.8% rise in French retail prices

BY DAVID WHITE IN PARIS

THE SURGE in French consumer prices continued last month with a second successive rise of 1.2 per cent, bringing the increase since April last year to 13.8 per cent.

The Government, which has had to adjust its target for the year from 10 per cent to 12 per cent, or just above last year's 11.8 per cent, is counting on a slowdown during the second quarter. But its hopes are subject to any increase in oil prices.

The April increase, the fourth in succession of over 1 per cent, was largely due to service charges, for which the index rises by 1.7 per cent to stand 15.8 per cent above the level a year ago. Food prices rose 0.6 per cent and the index for manufactured goods by 1.1 per cent.

The impact of higher inflation on ordinary French workers was the subject of a meeting yesterday between President Valéry Giscard d'Estaing and leaders of the country's second largest union, the left-wing CFDT.

The union is pressing for talks between the authorities, employers and labour representatives on the minimum national wage, which stands at FF 2,376 (£244) a month.

According to the CFDT, more than 4m French workers, or a quarter of the work force, earn less than FF 3,000 a month. Almost half of these earn less than the present minimum wage, it says.

M. Edmond Maire, the CFDT Secretary General, expressed disappointment over the president's response, saying he did not know whether the meeting represented a step forwards or sideways.

W. German court blocks radio network break-up

BY JONATHAN CARR IN BONN

WEST GERMANY'S second largest radio network has been saved from early dissolution by a court decision announced yesterday. At the same time, the chances of commercial stations being set up in Germany have received a sharp blow.

The judgment of the Federal Administrative Court in Berlin on the future of North German Radio (NDR) means that for the time being the country's present public broadcasting system remains intact.

The decision is a notable victory for the Social Democrat (SPD) city state of Hamburg, one of the three federal states running NDR in partnership, and which wishes to see the network maintained largely in its present form. It is a reversal for the Christian Democrat (CDU) run states of Lower Saxony and Schleswig-Holstein, which wanted to establish their own radio system, including commercial broadcasts.

The court ruled that, although Schleswig-Holstein had given notice in 1978 that it planned to leave NDR at the end of

this year, its departure did not mean the end of the whole network as the two CDU states have argued.

The court noted that the contract on NDR originally agreed between the three partners was automatically renewable to 1985. It also found that while Schleswig-Holstein had the right to leave early, NDR continues to have a legal existence, albeit as a two-state system, for another five years.

This effectively continues to give NDR the radio monopoly in North Germany, bars the CDU states from carrying through their own plan, and leaves Schleswig-Holstein out in the cold. Dr. Gerhard Stoltenberg, the state premier, called the court's decision surprising but said the governments of the three states would have to get together again.

The issue has tended to be shrouded in legal complexities, but the hot debate on the topic for months showed that many West Germans felt a key issue of freedom of opinion was involved. It was widely felt that if NDR broke up then other regional networks would follow.

Gonzalez bids to lead Spain

By Robert Graham in Madrid

THE LEADER of Spain's opposition Socialist party, Sr. Felipe Gonzalez, yesterday proposed that he should head a new, broad-based democratic government. The proposal was the central element of a special parliamentary session called after the Socialists moved a censure motion against the administration of Sr. Adolfo Suarez.

This is the first time the censure device has been used since Spain's new constitution was approved in December, 1978. Its main purpose has been to expose Sr. Suarez's waning parliamentary support and to draw attention to his inability to cope with the central issues of autonomy, law and order and economic recession.

The Socialist move marks the first real act of opposition in the Spanish Parliament's democratic life. Even members of Sr. Suarez's ruling Union de Centro Democrático (UCD) conceded privately that it had added a new dynamism to Parliament, which until now has witnessed turgid debates with little real life in them.

The proposal for a new government was couched to attract the broadest support. The Socialists do not want to rely too much on the Communists and are looking more to the minority and nationalist groups.

Under the constitution, a party, or parliamentary group, can table a censure motion but must accompany it with a proposal for Prime Minister plus a government programme. The Government can only be overthrown by an absolute majority—176 of the 350 votes in parliament.

Sr. Gonzalez has admitted that the Socialists are unlikely to achieve this. The UCD has 166 seats and only the Communists have pledged unconditional support for the vote. With the 121 Socialist and 23 Communist votes, Sr. Gonzalez is still well short of the target. Those who could help to topple Sr. Suarez—the Andalusian, Basque and Catalan nationalist parties, along with the right-wing Coalition Democrática of Sr. Manuel Fraga—will almost certainly abstain. Several have said they want to record their disapproval of Sr. Suarez's record but are unwilling to support openly Sr. Gonzalez's claim to head a new government.

Two killed in attacks by Italian extremists

BY RUPERT CORNWELL IN ROME

TERRORISTS OF the extreme left and the extreme right struck fatally in two cities yesterday, murdering in Milan a leading journalist of the Corriere della Sera newspaper and shooting dead a police officer outside a secondary school in Rome.

The journalist, assassinated close to his home in central Milan, was Sig Walter Tobagi.

33 years old, Responsibility for the killing was claimed shortly afterwards by the so-called "28th March Brigade," a grouping related to the Red Brigades, and named after the day this year on which paramilitary Carabinieri police ambushed and shot dead four terrorists in Genoa.

Sig. Tobagi is not the first

Press figure to fall victim to Italy's extremists. In November 1977, Sig. Carlo Casalegno, deputy editor of the Turin daily La Stampa, was killed after being ambushed by terrorists.

The assassination in Rome, in which two other police officers were seriously wounded, was claimed by the extreme right-wing Nuclei

Armati Rivoluzionari (NAR) group, allegedly in revenge for the death of a militant who died at the hands of the far left exactly a year ago.

Meanwhile police captured three more Red Brigade terrorists in central Rome late on Tuesday night, and have made new arrests in Turin and the Veneto region.

Police gain a march on terrorism

BY RUPERT CORNWELL IN ROME

ONE OF ITALY'S most powerful contemporary myths is at last beginning to crumble—that of the clinical efficiency and invincibility of the country's ultra-left terrorist organisations.

In the past five years of blood and anguish, which culminated in the kidnapping and murder of the former Prime Minister, Sig. Aldo Moro, election campaigns have achieved a grim notoriety as periods in which the terrorist grand design of overthrowing the country's established order has taken its most violent shape.

This time, however, the hoot is on the other foot. The weeks leading up to important regional elections, due on June 8, have coincided with the most striking police successes since the left-wing groups moved into action in earnest in the mid-1970s.

Since the beginning of the year more than 200 suspects have been rounded up, the bulk of them in the last two months, with the confession of Patrizio Pecci, believed to have been the operations chief of the Turin "division" of the Red Brigades, who was taken into custody at the end of February.

According to Interior Ministry statistics, it is not only the Red Brigades, the most feared and professional of the terrorist groups, which have suffered. Police are confident that the structure of Prima Linea (Front Line), no less murderous than the Red Brigades in Northern Italy, is now in virtual ruins. A third group, "Azione Rivoluzionaria" (Revolutionary Action) is believed to have been all but eradicated.

Equally significant, the police round-ups have moved steadily southwards from Turin, Milan and Genoa, to Rome and central Italy. After 18 arrests in the capital last week, police reckon they have identified, and in most cases have captured, those responsible for virtually every terrorist outrage in Rome since 1977, including the Moro

seizure, in which five members of the Christian Democrat leader's bodyguard were also killed.

The tawdry has brought in fishes of every kind, and in the process has provided evidence to support virtually every theory about the origins of terrorism in Italy. Indeed, the very numbers of those captured are tangible and alarming proof of just how widespread and multi-faceted left-wing subversion is. An estimate that "active" terrorists total more

than 1,000 may well not be far off the mark.

The suspects come from every background: eternal students, determined to turn the failure of 1968 into success through the barrel of a gun, factory workers and trade unionists despairing that the orthodox left would ever achieve true revolution, university ideologues, and the disillusioned progeny of the Catholic establishment who have studied under them.

Then there are the left-wing lawyers suspected of being active accomplices of those they defended, even after their departures to prison—and not least, the sympathisers within Government ministries intimately involved in the battle against terrorism, even perhaps within the secret service.

Less conclusive so far is the evidence to back the contention that the strings of terrorism in Italy have been pulled from abroad. The Pecci confession did mention top-level contacts between the Red Brigades and

The psychological tide is turning against political terrorism in Italy. Every new outrage has a diminishing capacity to shock. But the wide spread of suspects arrested is proof of the depth of the problem.

Giulio Andreotti, Prime Minister between 1976 and 1979, told a parliamentary commission set up to investigate the case that he had no evidence that the murder of Sig. Moro, the leading Christian Democrat advocate of a lasting accommodation with the Communists, was anything but an all-Italian affair.

For the police, success has bred success. In their efforts to show that the latest arrests have not sapped their strength, the terrorists last week struck back by murdering a Christian Democrat regional politician in Naples, again a man sympathetic to the constructive Moro/Andreotti approach towards the Communists. But for the first time ever, the killers were caught red-handed only minutes after the crime, and this apparently helped the police make new arrests and discoveries of Red Brigades hideouts in Rome itself.

None of this is to say that the plague has been wiped out. The complexities and the fragmentation of the terrorist movement,

'Hardship' grant for Roche informant

By Giles Merritt in Brussels

THE HUMAN face of the European Commission in Brussels showed itself briefly yesterday with a quiet confirmation by officials that a special "hardship" grant is being made to an individual who helped uphold the Rome Treaty's controls on big business and suffered personally as a result.

The recipient of the unique EEC grant is Mr. Stanley Adams, the key figure in the bitterly fought Commission case against Hoffmann-La Roche which resulted in the Swiss pharmaceuticals giant being fined over DM 1m (£239,000) for illegal practices violating the EEC's trade pact with Switzerland.

It was Mr. Adams, a former employee of Roche, who supplied Brussels with secret documents proving serious abuse of its dominant position in the bulk vitamins market. But his action also led to his being convicted of economic espionage under Swiss secrecy laws, sentenced to prison and hanged from Swiss soil.

In the seven years since the Hoffmann-La Roche affair began, Mr. Adams has been beset by personal tragedy stemming from the affair, and in early 1975 when in detention in a Swiss gaol he learned of his wife's suicide.

The Brussels Commission's decision to award Mr. Adams a cash grant is not, it is being emphasised, in payment for his help on the Roche investigation but is an attempt to mitigate the hardship that has resulted. The amount of the payment was not being disclosed yesterday—although the Swiss 55,000 (£33,500) already paid by the EEC for Mr. Adams' legal expenses and fines is no secret.

The additional money is primarily to compensate for the financial loss he has suffered through having a criminal record, even though he is now resident in Switzerland.

News of the grant coincided with yesterday's meeting here of the Swiss-EEC trade agreement mixed committee, at which the Commission underlined its concern that an affair like the Roche-Adams one should not recur.

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Bonn resumes contacts with East Europe

BY JONATHAN CARR IN BONN

WEST GERMANY'S Ostpolitik seems to be back on the road again. Already this week Ministers from Bonn have been in East Germany, Hungary and Romania. Today, Mr. Nikolai Tikhonov, the Soviet First Deputy Premier, is in Bonn to talk about economic ties. In a little more than a month Chancellor Helmut Schmidt will be in Moscow to see President Leonid Brezhnev, and an East-West German summit meeting may follow later this year.

This does not mean that Afghanistan has been forgotten. But it does imply that the West Germans feel that, in the past few months, they have firmly demonstrated their loyalty to the Western alliance in general and to the United States in particular. On that basis, they plan to hang with tooth and nail on to their ties with Eastern Europe.

Model ally

It is a tightrope walk for West Germany's foreign policy-makers which has been familiar for at least the past decade, but it is now being carried out in bolder circumstances. There are few doubts that a further marked deterioration in relations between the superpowers would destroy what limited room for manoeuvre Bonn already has.

Ironically, West Germany, which has been among the most pungent critics of U.S. policy on Afghanistan, has emerged in some respects as Washington's model ally in Europe.

Bonn never thought much of President Jimmy Carter's plan to punish the Soviet Union for its military intervention, feeling that the effort would fail and that there was no broader U.S. strategy to replace it. But, in the event, West German athletes are almost alone in Western Europe in following Mr. Carter's call for a boycott of the Moscow Olympics.

The West Germans are also finding that other European countries are even more hesitant than themselves about cutting deliveries of high technology goods to the Soviet Union as the U.S. desires. And when it comes to consultation among allies, the West Germans feel they can hardly be faulted here either.

No illusions

In the meantime, however, the Soviet Union is increasing its arsenal of intermediate range, nuclear missiles—those which can hit most of Europe from Russian territory—and has refused NATO's demand to negotiate. One key element of Herr Schmidt's talks in Moscow will thus be to try to break the deadlock on this issue in particular.

The Government is under no illusions about the sensitivity of Herr Schmidt's mission. Despite Bonn's demonstration of alliance solidarity, it is felt that several allies will continue to

Bonn sounded out other capitals before agreeing to the Soviet proposal for a meeting between Herr Schmidt and Mr. Brezhnev this summer. Also it was always made clear that, in any case, there would be no Moscow talks before Herr Schmidt had a chance to discuss strategy with his main Western partners at the Venice summit in late June.

This careful preparation is contrasted with the surprise visit by M. Valéry Giscard d'Estaing, the French President, to Warsaw last week for talks with Mr. Brezhnev. The West Germans have been more polite than most about M. Giscard's initiative. But they clearly feel the way it was carried out was anything but helpful to Western solidarity.

Bonn thus feels its alliance credentials are firmly enough underlined to permit resumption of its Eastern contact which was partly frozen immediately after the Afghanistan invasion. It is stressed that both sides have an urgent interest in seeing discussion channels kept open and that most of Moscow's allies privately deplore the Soviet intervention just as much as does the West.

Above all, it is argued, there must be continuing pressure for East-West arms control. It is felt that an early solution to the Afghanistan problem is increasingly unlikely, that an answer can only be achieved with the aid of the non-aligned countries, and that the West must increase its efforts to contain the spread of Soviet influence in the South-West Asian region.



Reviving the Ostpolitik carries dangers for Herr Schmidt (left), not least from his challenger Herr Strauss (right).

fear that a special accommodation may be reached between the West Germans and the Soviet Union. It is also recognised that Moscow is trying to drive a wedge between the U.S. and the Europeans, that it has had recent cause for encouragement and that it may well exert particularly heavy pressure on Bonn.

Further, Herr Schmidt is facing a general election in October and the domestic political opposition is bound to drive home the attack if the Chancellor appears to return from Moscow empty-handed. Herr Franz Josef Strauss, the

opposition candidate for the Chancellorship, has recently repeated warnings that Herr Schmidt is steering West Germany on to a neutralist course under pressure from the left-wing of his Social Democratic party (SPD).

So far, there is little evidence that the West German public has been much influenced by these arguments. Provincial election results since the start of the double crises of Iran and Afghanistan indicate that voters feel safer with the course of Herr Schmidt than with the apparent alternatives offered by Herr Strauss.

Swiss delay Canada N-deal further

BY BRIJ KHANDARIA IN GENEVA

THE DISPUTE between Switzerland and Canada caused by the latter's suspension of uranium deliveries three years ago has been heightened by a Swiss decision to sign no new agreement with Canada before the results of the review conference of the Nuclear Non-Proliferation Treaty are known.

Swiss nuclear reactors at Gessgen and Leihstadt still await deliveries of 910 tonnes of uranium blocked by Canada. Ottawa stopped all deliveries after India exploded a nuclear device in 1974 using materials based on uranium which Canada said it had supplied.

Since then, the Canadians have insisted on stringent guarantees from all buyers to ensure that its uranium is used only for peaceful purposes. Lengthy negotiations for a new agreement between Canada and Switzerland were concluded last year, but some members of the Swiss cabinet withdrew their support citing Canadian high-handedness.

Switzerland's Energy Ministry is backing the deal, although it, too, wants to await the results of the review conference in Geneva from August 11 to September 3.

The suspension of uranium deliveries is a serious setback

for Switzerland's ambitions plans to increase its nuclear energy output. Enough uranium was obtained from other suppliers to operate the four existing plants, but four new plants are planned for the next 10 years.

A separate dispute has also emerged between Switzerland and the U.S. The U.S. is putting considerable pressure on Switzerland to prevent implementation of a recently concluded deal under which Sulzer, the Swiss machinery maker, build a heavy water plant in Argentina.

Argentina has promised to

use the heavy water for peaceful purposes and to submit to inspection by the Vienna-based International Atomic Energy Agency. But the U.S., which placed a moratorium on domestic nuclear development in 1977, is insisting that Switzerland should not export technology capable of giving any Third World country a nuclear base, even for peaceful purposes, without pre-conditions yet to be decided through international negotiation. Washington cites India as an example of a country that received nuclear technology for peaceful uses but has reached the threshold of military capability.

Large uranium find in France

BY TERRY DODSWORTH IN PARIS

FRANCE'S ABILITY to draw on domestically mined uranium for its ambitious nuclear power programme has been substantially improved by the discovery of a 20,000 tonne mineral deposit in the West of the country near Bordeaux.

The find, made by Cogema, the nuclear fuel company, brings the country's known reserves to 120,000 tonnes. This figure compares with a current annual demand in France of 8,000 tonnes and an expected consumption plateau of 10,000 tonnes a year in 1990.

Cogema, an affiliate of the French Atomic Energy Commission, is currently spending between FF120m (£12.3m) and FF140m a year on exploration work in France as part of the Government plan to step up the supply of domestically produced energy.

Last year the company produced 2,200 tonnes of the metal in France, with the bulk of France's imported uranium coming from Niger and Gabon.

While the newly discovered deposit is of fairly low-grade

ore, Cogema believes that it should pose no problems to mine. Work is still continuing, however, on further testing of the reserves.

Cogema is now diversifying its sources of uranium to include mines in both Canada and the U.S. with the aim of building up to a production of about 10,000 tonnes a year. The company would thus be in a position to furnish all the needs of the French nuclear power stations, which should be producing 50 per cent of the country's electricity by 1985.

Sick Sakharov refuses doctor

PARIS — Despite a worsening heart condition, Dr. Andrei Sakharov, the Soviet dissident, is refusing to see a doctor in protest against Government restrictions on his movements, his mother-in-law said yesterday. Mrs. Ruth Bonner, 80, told a news conference that Dr. Sakharov, now in internal exile in Gorky, was living in intolerable conditions.

The Nobel Peace prize-winning physicist was stripped of state honours last January and confined to Gorky, 250 miles east of Moscow. Reuter

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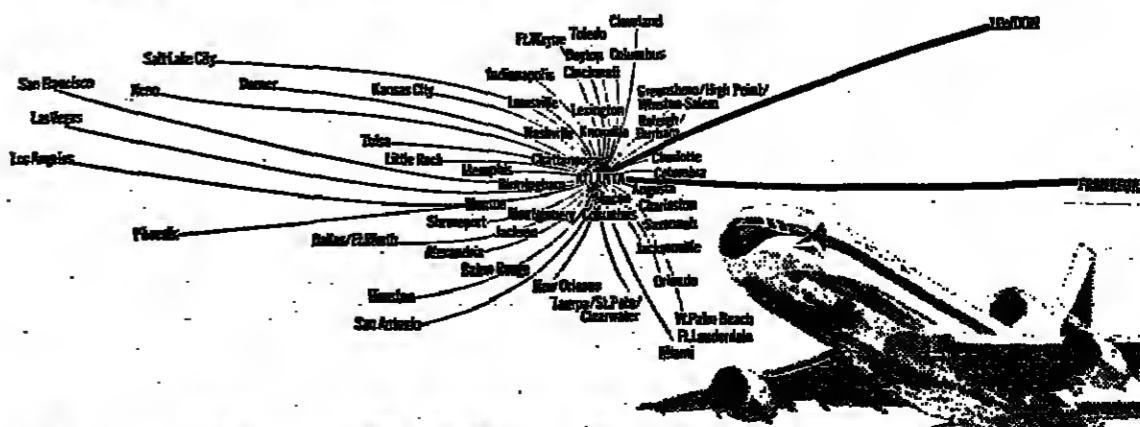
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AMERICAN NEWS

Oman initials military collaboration pact with Washington

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE SULTANATE of Oman has initiated a far-reaching agreement with the U.S. on military and economic collaboration as part of Washington's strategic response to the Soviet invasion of Afghanistan.

This was revealed by Mr. Qais Abdul Monem al Zawawi, the Sultanate's Minister of State for Foreign Affairs. The deal would give the U.S. the use of Oman's military facilities in an emergency, though only after consultation and agreement, he stressed.

Mr. Zawawi acknowledged that Oman had allowed U.S. aircraft to refuel at one of its airfields during last month's abortive mission to rescue the diplomatic hostages held in Tehran.

There was nothing unusual in the Sultanate giving such permission of a kind that would be accorded to the RAF, he requested, he said.

The U.S. plans a chain of facilities along the north west shore of the Indian Ocean. Negotiations for facilities in Kenya are well advanced but those for the use of the

former Soviet facility at Berbera in Somalia are bogged down.

Mr. Zawawi yesterday held talks with Lord Carrington, British Foreign Secretary, and today will see Mr. Francis Pym, the Defence Secretary. The main topic scheduled for his discussions with Mr. Pym will be the availability and the cost of British service personnel seconded to the Sultan's armed forces.

It was stressed in Whitehall yesterday that no military shopping list had been presented. However, following

the Soviet invasion of Afghanistan, Oman let it be known that it wanted new equipment to provide for its own security and the safety of oil traffic from the Gulf through the Straits of Hormuz, including mine-sweepers and advanced radar equipment.

If the agreement with the U.S. — described by Mr. Zawawi as a "comprehensive package" — materialises, it seems that the bulk of Oman's military requirements will be met by American supplies under Washing-

ton's established aid programme.

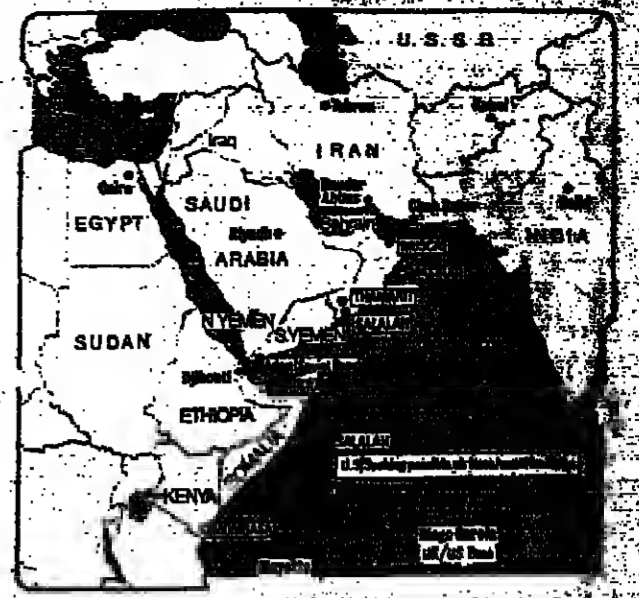
The Omani Minister of State emphasised that there was no question of U.S. troops being stationed in the Sultanate. Some, however, would be needed for training purposes.

The agreement envisaged extends also to assistance with Oman's development programme, including the involvement of the U.S. Corps of Engineers, who for many years have fulfilled an important role in Saudi Arabia. Mr. Zawawi also mentioned

agriculture and fisheries as an area for collaboration.

While paying tribute to Saudi Arabia's aid for infrastructure development, Mr. Zawawi expressed disappointment at its lack of response to Oman's requests for assistance with buying new military equipment.

Oman, he said, was committed to building up its own defence potential despite the reluctance of other Arab states of the Gulf to join in a collective security arrangement.



Forces build-up accelerates in the Indian Ocean's 'zone of peace'

BY DAVID TONGE

NEXT WEEK a group of American marines is to storm the beaches of Diego Garcia — in swimming trunks. They will be on the remote British island in the Indian Ocean for "rest and recreation" but they will find the island a hive of construction activity.

The runway has recently been extended from 8,000 to 12,000 feet, allowing it to take lightly-equipped B-52 strategic bombers. Improved parking and taxiways for aircraft are being built on the previously uninhabited coral atoll. The fuel storage facilities, which could hold 640,000 barrels of fuel, are being developed.

Causeways and small piers are being built into the deepened lagoon and the water supply is being built up. There is also to be housing for naval support personnel, though, the U.S. Defence Department in-

sists, there are no plans to post U.S. Marines to the island.

Diego Garcia is to be one of the key supports for the "rapid deployment force" which the U.S. is building up to deal with its weaknesses in the whole Gulf area. The current U.S. plan is to be able to "surge" marines into the area from outside, making use of bases round the Indian Ocean and of ships prepositioned in the area and carrying the heavy equipment needed by the marines.

The hope is that this plan will enable the U.S. to minimise the disadvantages of geography: at present it needs one week to move a light brigade into the Gulf, but the Soviet Union could fly a full combat division there in 12 hours.

But the fear is that the Indian Ocean is now becoming a cockpit of confrontation between the U.S. and the Soviet

Union. Mrs. Indira Gandhi, the Indian Prime Minister, for instance, recently voiced her intense anxiety at this buildup. She was particularly critical of what America and Britain are doing on Diego Garcia. But the fear is more general, with the Gulf States in particular concerned about what the West might do over Iran.

One concern is over a further possible U.S. bid to free the hostages. But there is also the fact that Western trade sanctions against Iran could need enforcing by military means. This raises the spectre of what could happen if the Warsaw Pact demands the right to ship goods to Iran's Gulf ports.

The Indian Ocean was once declared "a zone of peace" by the United Nations, and only three years ago President Jimmy Carter was advocating its "complete demilitarisation."

Even two years ago Moscow and Washington were holding talks to stop an arms race in the area.

Today, such efforts seem to belong to the world of fantasy. Twenty-one U.S. fighting ships, including two aircraft-carrier task forces, and six American support ships, face 12 Soviet fighting ships and 15 support ships. The U.S. has also deployed 1,800 marines to the Ocean — units of which are to be on Diego Garcia next week — while the Soviet Union has sent in 400 "naval infantrymen."

Until the late 1960s the West had the ocean to itself, but since 1970 Soviet warships have put in more time there than those of the U.S.

The U.S. fleet's main purpose was to show the flag as part of its global projection of power. The U.S. had also discreetly

deployed nuclear submarines, according to official testimony to the U.S. Congress.

The U.S. has traditionally operated alone in the area, but has recently been trying to encourage Western countries to play a more active role east of Suez.

France has long had the largest permanent Indian Ocean naval force of any Western nation, with 15 ships at present in the area and 5,000 troops in Djibouti. But it has shown no willingness to co-operate with the Americans in the area.

The Soviet Indian Ocean presence dates back to 1968, and follows the development in Moscow of a more positive approach to Third World nationalism. The aim of the presence has been mainly political, with the primary purpose to show the littoral states that the U.S. is no

longer unchallenged as the world policeman.

The Soviet Union's main bases are in Aden, which were visited last August by an Echo Class II nuclear submarine, the main Soviet weapon counter to U.S. aircraft carriers. Aden was also used by Ilushin 28 bombers for their flights over the U.S. fleet in the Gulf. The Soviet fleet has also been able to call at Mozambique.

The U.S. has naval facilities in Bahrain, but has lost potential support facilities at Bandar Abbas and Chah Bahar in Iran. It also has to consider possible harassment from the Iranian Navy, however far below full efficiency are Tehran's three destroyers and eight corvettes and frigates.

It is thus relying heavily on back up from Oman, Kenya and Somalia. A deal with the Omanis has now been initiated,

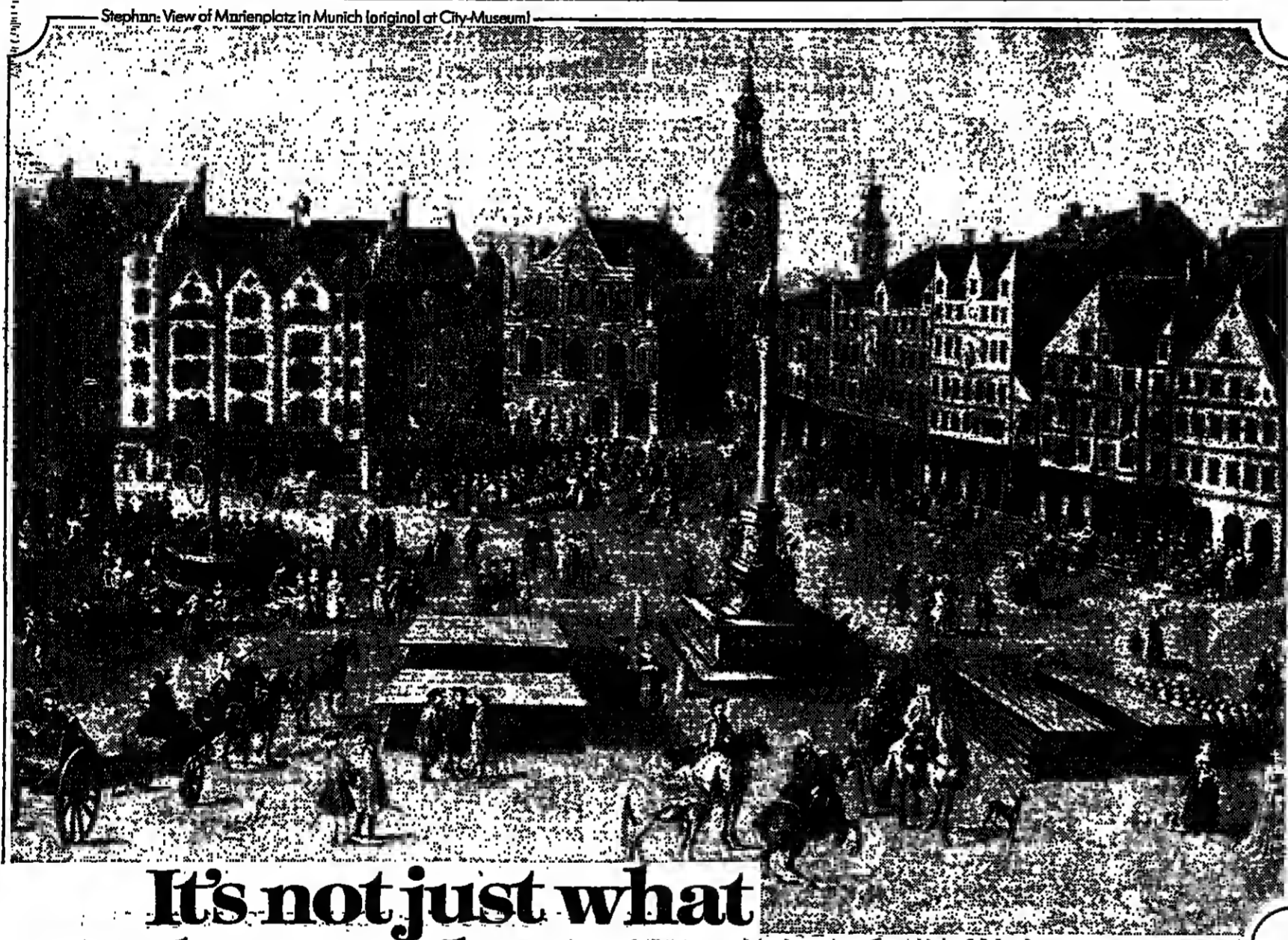
while talks with Kenya are well advanced. But those with Somalia have proved more acrimonious. The Somalis have been asking for U.S. military aid and weapons which could be used in their conflict with the Ethiopians — a possible confrontation to which the U.S. does not wish to be drawn.

These bases are considered the best of the four-based options available. The U.S. is unwilling to build up a presence in Egypt, fearing that it would further isolate President Sadat and undermine the chance of wider acceptance of the Camp David process, according to U.S. officials.

However, the bases in Kenya, Oman and Somalia will need \$250m spent on them to bring them up to a full state of readiness. Five rehabilitated transport

ships are now being readied to take on board the tanks, armoured personnel carriers, trucks and ammunition which a marine amphibious brigade would need. But they are not due to set sail for the Indian Ocean until July or August. As for the 14 new maritime pre-positioning ships and the CX airlifter which the U.S. military wants, these still have to be constructed.

In 1975 it was not the West but the Soviets who said that détente required that "freedom of shipping should be guaranteed in the Persian Gulf and the Straits of Hormuz." More recently President Brezhnev has revived Soviet demands for an all-European conference on energy which would consider access to supplies, but even in the heyday of détente the West resisted this proposal.



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President wants budget changes

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER is asking Congress to defeat a lengthy negotiated resolution for a balanced Budget in 1980-81, because it provides too much for defence and not enough on social programmes to cushion the impact of the U.S. economic recession.

The makings of a revolt against the 1980-81 Budget package have already appeared among liberal Democrats in the House of Representatives. It is thought that President Carter is now anxious to woo this segment of his party, lest it be tempted to succumb to the attractions of Mr. John Anderson, who is gearing up an independent run for the Presidency this autumn.

Senior White House officials say there is no quarrel with the size of the \$613.8bn Budget resolution, which meets the Administration criterion of being in surplus.

Instead, the Administration

is taking the unusual step of opposing the Budget resolution, already agreed between Senate and House negotiators, because it provides \$153.7bn in military spending next year — \$3.2bn more than the President wants — and, as Mr. Carter publicly complained this week, "those very things that would prevent recession getting out of hand."

The need to guard his left flank against an Anderson Presidential bid is by no means the only pressure on Mr. Carter to placate liberal Democrats.

The slump in the car and housing industries, accompanied by a general rise in unemployment, will inevitably be at least partially blamed on the incumbent President — as well as creating a large Budget deficit, unless military spending is tightly controlled.

Nor can Mr. Carter ignore the social tensions aggravated when recession is added to the

normal employment problems of the black community, and fears that these may erupt, as in Miami last week.

The White House contends that Senate and House negotiators have, at present, short-changed income security programmes, such as unemployment insurance, pensions and food stamps, by \$700m next year.

Public sector jobs and job training, in which black leaders have demanded an increase in the aftermath of the Miami riots, have been given \$1.1bn less than the Administration asked for.

The real battle for the Administration will come in the Senate, where sentiment is most in favour of higher military spending. Where the Senate's Ernest Hollings, a defence-minded Southerner, has replaced Mr. Edmund Muskie as chairman of the Budget Committee.

FTC bureau chief 'to resign'

BY DAVID LASCELLES IN NEW YORK

THE HEAD of the Federal Trade Commission's bureau of competition has announced his intention to resign. His resignation will be a further setback for the already demoralised agency.

Mr. Al Dougherty, one of the U.S. leading anti-trust movers, says he will leave the commission at the end of next month.

In a resignation letter reflecting the FTC's depressed mood since public opinion turned against its efforts to regulate trade, Mr. Dougherty talks of

the "calculated caution" which now prevents the FTC from fulfilling its goals.

This was having "a deleterious effect on morale," making it increasingly difficult for the agency to function, he said.

In his reply, Mr. Michael Pertschuk, FTC chairman, said: "We shared a bold vision," but the agency had been "buffeted by an environment more hostile than we had anticipated" and this had forced it to reef its sails.

Mr. Dougherty was a vigorous anti-trust investigator who took office three years ago intending to challenge some of the country's largest industries, including the oil industry's move into coal and other non-oil activities.

However, these goals were all gradually scaled back. Most recently, the FTC greatly reduced the scope of the biggest of its investigations, into the auto industry. Recent legislation has brought the FTC more closely under Congressional scrutiny.

U.S. steel output at 5-year low

By Ian Hargreaves in New York

STEEL PRODUCTION in the U.S. slumped to its lowest weekly level for five years last week, prompting another round of lay-offs and revision of forecasts in the industry.

U.S. Steel, the largest company, yesterday announced that it would lay off another 2,000 workers at a Pittsburgh steel works, closing a blast furnace and two basic oxygen steel-making furnaces.

The United Steelworkers Union said it believed layoffs were now approaching 30,000 in the industry and getting worse. U.S. Steel alone has laid off 17,000 of just over 100,000 hourly paid steelworkers, and says the number will shortly exceed 20,000.

The pace of decline in industry activity is illustrated in the statistics on raw steel output. In the last full week of April, the industry was still operating at 82 per cent of capacity, according to American Iron and Steel Institute figures. Last week, the rate fell to 67 per cent, down from 72 per cent in the previous week.

Raw steel output for the year to date is estimated at 50.5m tons, down just over 10 per cent from the same period of last year.

Despite this sharp drop in output, however, the industry is still not expecting the recession to be as severe as that which occurred in 1974-75.

New primary wins tighter Carter's nomination grip

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT CARTER has his party's nomination in the palm of his hand and on Tuesday tightened his grip on it as he swept four more primary elections against Senator Edward Kennedy, who will try one last time to force the White House incumbent on June 3.

Mr. Jody Powell, White House Press Secretary, said yesterday that the wins in Arkansas, Kentucky, Idaho and Nevada put Mr. Carter "within a handful of delegates" of the 1,680 simple majority needed for nomination at this August's Democratic Party convention.

Senator Kennedy pronounced himself undismayed at the latest series of blows to his campaign, and freely admitted that he has staked his all on turning the tables on June 3. This last round of primaries — the "cup final" of the political

season — includes contests in the big states of California, New Jersey and Ohio.

The Senator cannot conceivably hope to stop President Carter, gaining enough delegates next week to secure the magic 1,660 majority.

Mr. Ronald Reagan, now standing triumphant in an empty Republican Presidential race that has now become more of a walk-over. He won three more primaries on Tuesday — Arkansas, Kentucky, Idaho and Nevada.

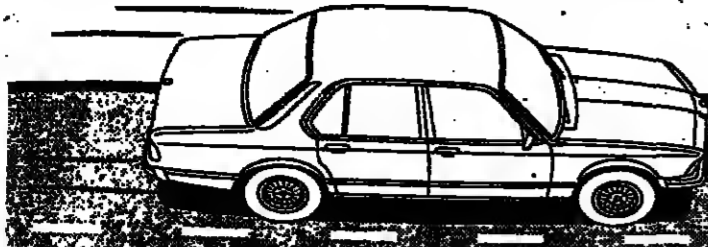
He already had a majority (998) of delegates before those contests, and it was that fact that led his last remaining challenger, Mr. George Bush, to drop out of the race on Monday.

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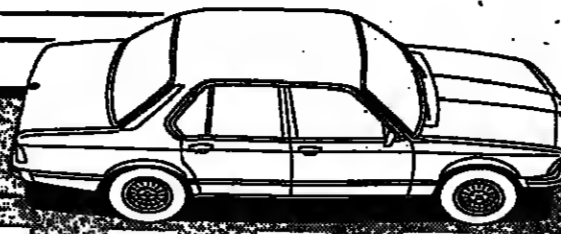
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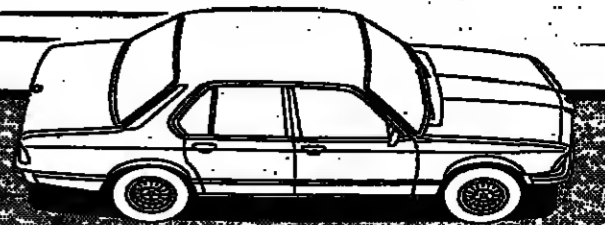
1 70 mph. It's using petrol.



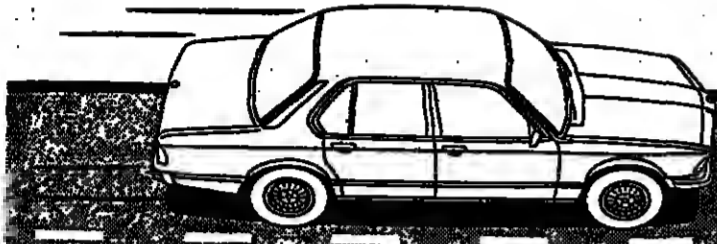
70 mph. Now it's not.



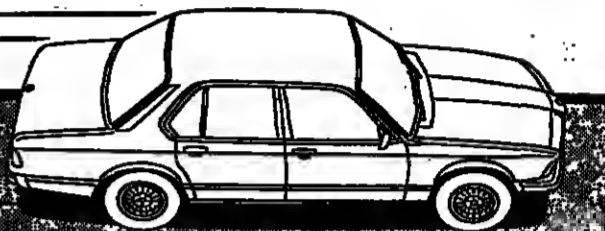
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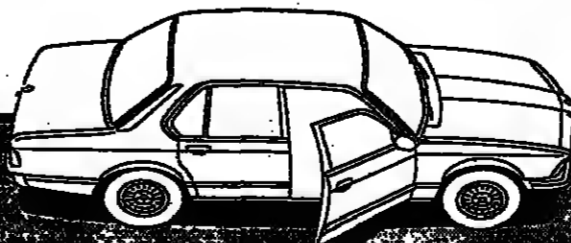
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OVERSEAS NEWS

K. K. Sharma and David Dodwell examine the \$1.6bn Soviet-Indian weapons deal

Moscow makes Delhi an offer it can't refuse

IN THE next few weeks India and the Soviet Union will complete a Rs 13bn (\$1.6bn) arms deal that has been under discussion for two years. It is part of a Rs 25bn five-year plan to modernise India's armoury through replacement of obsolete hardware and diversification of supply.

The Russian deal is the largest so far for the 1m-strong Indian army, but the air force and the navy are being equipped from elsewhere. A £1bn order with British Aerospace provides for outright purchase of 40 Jaguar aircraft and manufacture in India of 120 more. Discussions are being held with Sweden and France on submarines for the navy.

Nevertheless, the deal with the Russians has clear political ramifications at a time when India is pressing for the withdrawal of Russian troops from Afghanistan.

Diplomatic efforts to improve relations with Pakistan and China have intensified since the Soviet invasion of Afghanistan. When Mrs. Gandhi met Paki-

stan's General Zia-ul-Haq in Salisbury during Zimbabwe's independence celebrations, both emerged claiming to have a better understanding of the other's fears and needs.

For the military government in Islamabad, which tends to see any Indian arms purchase as a threat to national security, the deal will serve as a sharp reminder of the continuing close military links between India and the Soviet Union. Pakistan has fresh memories of Indian criticism when the U.S. offered Pakistan military and economic aid worth \$500m in the wake of the Afghan invasion. India then spoke of such sales as a threat to Indian security.

But the arms deal confirms that India has little intention of taking a strong line against Moscow's occupation of Afghanistan. If India perceives the Soviet Union as a threat in the region, it also feels its own best interests are too closely interwoven with those of the Soviet Union for it to say so. Mrs. Gandhi has been more willing to condemn the U.S.

as an agent provocateur in Afghanistan. Significantly, she recently rejected U.S. proposals for a South Asia Security Plan.

Negotiations on the arms deal, like the five-year modernisation plan itself, began under the Janata Government but the deal was largely wrapped up at discussions in Moscow last week. Significantly, Mr. P. V. Narasimha Rao, the Indian External Affairs Minister, makes his first visit to Moscow next Monday.

The rate of interest to be charged on the Russian arms deal is a nominal 2.5 per cent and payment is to be made over 17 years, so that the weapons are virtually a gift. The soft terms are clearly part of the assiduous wooing of the Indian Government since the Afghan invasion. This is no doubt part of the high price Moscow will have to pay for Indian loyalty.

The Indians have long been interested in Russia's T-72 tank and it has been tested in the mountain, desert and plains land where the Indian army is de-

ployed. But other tanks were also being studied. The soft terms probably clinched the deal for the Soviet Union.

The T-72 is to be the Indian army's main tank and will partly replace the 900 Vijayanta tanks built in collaboration with Vickers at the Avadi factory near Madras.

Soviet AA-2 air-to-air missiles and possibly also the AA-5 for long-range interception, Peta class missile-equipped patrol boats, surface-to-surface missiles, rockets, anti-tank weapons and electronic equipment are also included.

Still under discussion with the Soviet Union is improvement of the air force's strike capability. On duty at present are MIG-21s, built under licence in India at three factories of the State-controlled Hindustan Aeronautics. An agreement to incorporate modern equipment used in the MIG 21 BiS was signed last year.

But the air force now appears to have set its sights on the MIG 25, the most sophisticated fighter in service with the Soviet

air force. So far, the Russians have refused a licence to build the aircraft in India but, in their present mood, they might change their mind.

Soviet arms are not new to India. Apart from the MIG, Russian tanks, missiles, anti-aircraft equipment, helicopters and submarines are in service with all the three wings of the armed forces. Russians have also helped to set up ordnance factories which India has commissioned in a bid to be self-sufficient in defence equipment.

It is ironic that Indian dependence on the Soviet Union in defence supplies, and the sense that it may thus be vulnerable in a crisis, first obliged the Indian Government to look elsewhere. All foreign suppliers of defence equipment must also agree to sell the technology for India to manufacture the equipment itself. The agreement with British Aerospace for the Jaguar includes this element, but the T-72 order is solely for outright purchase until India's own tank goes into production in the mid-1980s.

Saudi move in Mideast peace talks 'unlikely'

By David Lennon in Tel Aviv

THE PROSPECTS for an active Saudi Arabian role in the Arab-Israeli peace process is viewed in Jerusalem as highly unlikely at present, despite Prime Minister Menachem Begin's invitation to Saudi Crown Prince Fahd to speak in the Knesset.

The invitation to the Saudi Deputy Prime Minister to follow in the footsteps of Egyptian President Anwar Sadat was issued following reported remarks of Prince Fahd that Saudi Arabia would be willing to encourage the Palestinians and other Arabs to make peace with Israel if it were to withdraw from the occupied Arab territories.

However, it is generally believed in Jerusalem that the invitation was issued more for its public relations impact than out of any serious belief that Prince Fahd would come. Israeli officials, experts in Saudi affairs, have been playing down the significance of the reported statement by the Prince.

This cool response appeared to have been justified yesterday when Prince Fahd said that his original remarks had been misinterpreted.

Meanwhile, Mr. Begin has warned Cabinet Ministers that the Government may fall if there is continued opposition to his proposed Cabinet reshuffle following the resignation of Defence Minister Ezer Weizman.

Despite this admonition, two of the junior coalition parties continued to balk at the proposed appointment of Mr. Yitzhak Mordechai as Foreign Minister, while Mr. Yitzhak Shamir is transferred to Defence Ministry.

S. Korea leaders to tighten military control

SEOUL — South Korea's military leaders, in a move to tighten their nearly-total grip on power, are said to be preparing to set up a junta-like "ruling council" to conduct the nation's affairs under a continued martial law edict.

Both Koreans and diplomats in Seoul said the council would have civilian President Choi Kyu-Hab as its President but real power would be vested in Gen. Chun Duo-Hwan, the country's current military strongman, and other generals.

The national legislature, already more than two-thirds controlled by the Government and its sympathisers, would be reduced virtually to a rubber-stamp body, it was said.

To be known officially as an "advisory council" with the task of helping formulate policy in domestic and foreign affairs, the council will in fact rule South Korea through orders issued under the country's seven-month-old martial law decree.

A timetable for the change is uncertain. Originally it was to have gone into effect sometime this week.

Meanwhile, South Korean troops searched mountain areas for armed students yesterday after crushing the revolt against martial law in Kwangju.



President Choi Kyu-Hab

The martial law command said only a few militants had fled to the mountains after troops backed by tanks stormed the city on Tuesday. It did not say how many of the thousands of weapons, including automatic rifles, light machine guns and hand grenades stolen from armoured cars during the uprising, were still in the hands of rebels.

The command announced a 10-day grace period beginning today for fugitives to surrender themselves and their weapons. Agencies.

OPEC agrees to \$1.6bn aid fund increase

BY JAMES SUXTON

OPEC finance ministers have agreed in Vienna to increase the capital of the OPEC Fund, which provides aid to developing countries, by 60 per cent to \$460.

The \$1.6bn increase was recommended at last December's OPEC ministerial meeting in Caracas but had not been accepted by the Fund members until now.

It was the oil cartel's first step to compensate poorer countries for the more than doubling of the oil price in the

past 17 months. Iran, whose revolution boosted the oil price escalation, is to make a much smaller contribution to the capital increase in comparison with the size of its contribution to the existing capital of the fund. It pleaded shortage of revenue from its diminished oil production.

The OPEC Fund, known until January this year as the OPEC Special Fund, mainly provides finance for specific development projects rather than direct balance of payments support.

Oil companies resist price rises

BY OUR MIDDLE EAST STAFF

A FURTHER indication that oil companies are in some cases resisting very high prices being asked by OPEC members has emerged with a report that two U.S. companies have decided to stop buying oil from Qatar rather than pay nearly \$38 a barrel.

The report, by the respected Middle East Economic Survey, said that Gulf Oil and Charter Oil, which between them have been buying 45,000 barrels a day (b/d) of Qatari crude, had decided to let their contracts lapse at the end of April rather than renew them at the premium rate.

Though oil producers have generally been successful in imposing almost constantly higher prices and surcharges on their crude in the past 17 months there have been two other reported instances recently of oil companies balking at the new price levels.

One reason why they can in some cases afford to do so is that overall oil supply levels are high and industrialised countries have large stocks. Some companies find it cheaper to buy oil on the spot market than at the prices some producers are charging, depending

on their supply and demand patterns.

British Petroleum, Royal Dutch/Shell and 12 Japanese importers have been refusing to lift Iranian oil at a new \$35 a barrel price since April. Earlier this year Gulf decided not to join BP and Shell in paying a premium asked by Kuwait.

But though Gulf and Charter have refused to buy oil from Qatar at the price being asked, six Japanese companies have signed contracts for 125,000 b/d at the price asked which includes a \$6.50 premium on the official price.

Commonwealth Development Corporation

CDC Another successful year, demonstrating yet again that investment in the developing countries not only brings substantial benefits to those countries but can also yield a reasonable return on the money invested.

CDC Record new commitments of £83 million in 1979 brought total CDC commitments to £449 million in 45 countries.

CDC Nearly 90% of new commitments were in the poorer countries. Some 60% went to agricultural and forestry projects; electricity and water supplies, housing and factory development, mining and industry accounted for the balance.

CDC The United Kingdom, as well as developing countries, benefits from CDC's overseas investments, which improve the balance of payments through an increased flow of earnings and which in many cases provide opportunities for British exporters to supply projects with capital goods and components.

CDC CDC investment in overseas projects is helping to produce raw materials and foodstuffs essential to maintain the economies of the industrialised countries. The developing countries are thereby assisted to earn much-needed foreign exchange, thus enabling them to purchase goods and services from the industrialised nations—evidencing the inter-dependence of nations.

1979 results	1979 £million	1978 £million
Operating surplus	31.6	26.6
Surplus before tax	12.1	10.3
Appropriation to General Reserve	5.7	6.6

CDC is an economical and cost-effective organisation which offers management for the implementation of projects as well as investment. It gives priority to projects which encourage self-reliance and which motivate people to better themselves through their own efforts. It is accountable to Parliament and subject to the discipline of the profit-and-loss account. Its main sources of finance, besides its own surpluses, are its borrowings from the

British Government. Prospects of maintaining the momentum of its operations are currently clouded by the economic circumstances of the United Kingdom and the consequent uncertainty about the level of future British Government allocations.

CDC's Annual Report and Statement of Accounts 1979 is available from Government Bookshops and HMSO Government Publications Agents, Price £3.50.



Commonwealth Development Corporation
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18 killed in Lebanon fighting

EIGHTEEN people were killed and many more wounded in two days of fierce fighting between rival Moslem militias here and in southern Lebanon.

Militiamen of the Moslem Shi'ite group known as "Amal" battled with other Moslem and left-wing opponents in three suburbs of Beirut using artillery and heavy machine guns. Fifteen persons were reported to have been killed when Amal militiamen clashed with Palestinian guerrillas and Lebanese left-wing fighters at the village of Qaqayeh in southern Lebanon.

Togo bars Liberia leader

LOME—Liberia's new military ruler, Master Sergeant Samuel Doe flew home in anger from Togo yesterday after being barred from a meeting of the 16-nation West African Economic Community. He was shunned in protest against the coup that brought him to power last month, in which President William Tolbert, Chairman of the Organisation of African Unity (OAU), was killed.

Sgt. Doe arrived in Lome uninvited and unannounced, and Mr. Gnassingbe Eyadema, Togo's President, was apparently angered by his combat gear and pistols.

The conference is scheduled to discuss lower tariffs between the French, English, and Portuguese-speaking countries of the community and a proposed regional defence pact.

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North-South dispute looms over textile imports

BY RHYS DAVID IN BRUSSELS

A NORTH-SOUTH confrontation over textiles trade now seems a strong possibility when negotiations for a new round of the Multifibre Arrangement (MFA) begin next year.

A conference on world textiles under the MFA, organised by the International Chamber of Commerce in Brussels, this week has heard a number of hard-line statements from the industry in developed countries and from representatives of the developing world. There is now evidence of considerable discontent among the importing

nations over the way restraints have failed to hit, while among the supplying countries there is bitterness over the way in which the last MFA has been applied to them.

A large gap has surfaced between the two sides over the interpretation of what the MFA was meant to achieve. On the developing-country side it is still being insisted that the scheme was intended to provide the industrial nations with time to adjust to the continued expansion within their markets of low-cost textile supplies.

The industry from a number of developed countries represented at the conference, including the U.S., Canada, and West Germany, is challenging this view and claiming instead that the next MFA must play a stronger regulatory role, controlling developing country imports so that the domestic industry in more advanced countries can continue to share in the growth in textile demand. The current MFA expires at the end of this year.

The main area of debate at the coming negotiations seems certain to be the "reasonable

departures" secured in the last MFA round in 1977 by the EEC. This provision, which has allowed the EEC to go beyond the strict terms of the MFA and impose enticements on certain suppliers, was strongly attacked by Mr. Paolo Barbiel-Rosa, the Brazilian delegate to the General Agreement on Tariffs and Trade (GATT). He claimed that an essentially temporary provision designed to meet certain immediate problems in the EEC was now being treated as a permanent feature of the agreement, the use of which was open to other industrialised

countries as well, and to the interpretation they put on it. Brazil itself has come under strong attack, however, as one of a group of more advanced developing countries sheltering behind unjustifiably high tariff barriers.

Mr. Wilhelm Hardt, president of Gesamttextil, the West German textile trade association, pointed out that Brazil imposed custom duties of as much as 205 per cent on imports of fabric and garments and that permits for importation were difficult to obtain.

The main thrust of the de-

veloped countries' argument is that low-cost import penetration should now be slowed down and that the demands of new suppliers should be met by reductions from the principal exporters in the Far East. Third World representatives at the conference are arguing, however, that although import penetration in the developed countries may have grown, their share of world trade in textiles and apparel is still dominant.

Dr. S. A. Abbas, research and training co-ordinator at the UN Conference for Trade and De-

velopment (UNCTAD), told the conference that in 1977 developed countries accounted for 73 per cent of world exports of textiles and 51 per cent of clothing compared with 19 per cent and 37 per cent respectively for the developing countries.

This share of developing countries in world trade in textiles and clothing also should be set against their small share in most other manufactures. In chemicals they accounted, in 1976 for only 2 per cent, in iron and steel 2.6 per cent and in engineering 3 per cent.

North West flights to London set for June 2

By Lynton McLain

NORTH WEST Orient Airlines will become the latest airline to operate flights between London and the U.S. when it starts its daily Boeing 747 service between Gatwick Airport and Minneapolis/St. Paul on June 2. The airline, the second oldest in the U.S., said yesterday in London that the twin-city of Minneapolis/St. Paul gave passengers access to 13 States in the central U.S., while avoiding the busy Chicago O'Hare airport.

The city is the base for 14 of the largest corporations in the U.S., and the airline said it expected about one-fifth of its passengers to be business travellers.

Last year the airline started operations from Prestwick, Scotland and in the summer carried an average of 250 passengers a day each way.

Austrian Airlines is expected to sign a contract this week to buy two 200-seat European Airbus A-310 airliners and take an option on two more, Reuter reports from Paris.

Airbus Industrie has sold 63 Airbus A-310 aircraft on firm orders and 66 others on options. More than 30 airlines have bought 194 of the 250-seat A-300 version, with 82 on option.

Government, industry combine to bolster U.S. position

BY RHYS DAVID

FROM ITS NEW and unaccustomed position as one of the fastest growing U.S. manufacturing sectors, the American textile industry has begun to prepare its own tough list of demands for the next round of the GATT Multifibre Arrangement.

Despite a rise of 45 per cent in the value of exports last year and a reduction in the volume of imports—both the result of the weak dollar—the U.S. deficit on its textile and apparel trade was still a hefty \$4bn. This is a figure which is only exceeded by the previous year's deficit of \$5bn and is a substantial proportion of the total U.S. deficit in manufactured goods.

The industry's main target is the guaranteed 6 per cent limit on the value of imports allowed under the last MFA, a grave mistake in the words of Mr. William Battle, a former U.S. ambassador to Australia and now president of the American Textile Manufacturers' Institute (ATMI) and chairman of Field-Watts, the big household textiles group.

The ATMI view—shared by textile trade associations in Europe—is that growth should be limited to the increase in the size of the domestic market,

which in the case of the U.S. has been only around 1.2 per cent over the last few years.

The industry also wants the U.S. Government, which under the present MFA has bilateral deals with 21 suppliers covering 107 product categories, to negotiate actual cutbacks in the quotas allowed to certain major exporters.

The aim, Mr. Buford Brandis, ATMI's international trade secretary, would be to create room for new suppliers.

"If Hong Kong could be named as leaders of the developing countries and shown instead to be the hogs, they

could well find themselves without anyone behind them except South Korea and Taiwan. This would enable a new type of MFA to be accomplished."

Globalisation, the setting of absolute limits on imports of certain products, a system already employed by the EEC, is also favoured by some parts of the industry.

As in Europe the textile industry makes the strong statements and the Government makes the decisions in the light of a number of other considerations including foreign policy objectives. Nevertheless a new partnership has been forged

between the U.S. textile industry and government in the past 18 months which suggests the two sides are likely to work closely together in the preparation of the American case for the next MFA talks.

The U.S. industry, with a 3m strong labour force, is the biggest manufacturing employer of women and of black, Hispanic, and other minority groups, and packs a strong lobbying punch. The informal textile caucus in Congress made good use last year of the 243 votes it can muster to pass a Bill which would have excluded textiles from the U.S. offer in the GATT Tokyo

Round trade negotiations concluded in Geneva last year. President Carter later vetoed the Bill but was obliged to come up instead with a package of measures designed to tighten imports—at the time showing an 18 per cent increase over the previous year—and to aid exports.

Since the declaration of the Carter textile programme the U.S. Government has insisted on tightening its present MFA agreement with Hong Kong, cutting the flexibility for transfer of quotas from one product to another and controlling the surges created as a result of

unused quota being carried forward to the next year. South Korea and Taiwan have also been subjected to tightening up and the U.S. Government has also taken a tough line in negotiations with China.

A new system of monitoring imports has also been established. Only three weeks after the end of each month the U.S. authorities now have a full picture of total arrivals by product and by country. Armed with this information the Administration has been quick to call suppliers in for consultation as soon as their exports reach certain trigger levels.

U.S.-Poland reaffirm trade links

By Christopher Bohinski in Warsaw

MR. PHILIP KLUTZNICK, the U.S. Commerce Secretary, on his first visit to Eastern Europe since the Soviet invasion of Afghanistan, has strongly reiterated that economic sanctions taken by the U.S. against the Soviet Union would not affect trade with Poland and the other Comecon countries.

Poland has made it clear that despite present East-West tensions it is keen for business as usual with the U.S. and the two days of trade talks Mr. Klutznick has held here are being described by officials as very cordial.

During the talks Poland gave assurances that there had been no transshipment to the Soviet Union of embargoed U.S. goods like grain, nor would there be.

The question of Poland joining the International Monetary Fund was raised by the U.S. and Mr. Klutznick commented "although the Poles are obviously concerned with the question they made no commitment either way."

Mr. Klutznick added: "If the Poles should make the decision, then the U.S. would support it." Western bankers would be happy to see Poland join the fund as this would make it easier for the country, which has a \$18bn debt to the West to raise foreign loans.

Future grain and feed imports by Poland in the U.S. which last year totalled \$450m was a key issue at the talks. The Poles made it clear that they are hoping for around \$500m worth of U.S. Government grain credits in the coming fiscal year starting next October 1. This is the same amount as Poland received from the U.S. Government Commodity Credit Corporation (CCC) annually over the last three years.

However the U.S. Agriculture Department expects that the CCC allocation will be around \$2bn in credit guarantees in the coming year and with around 70 countries competing for funds, the Polish requests unlikely to be fully successful.

It is too early to put a definite estimate on the forthcoming Polish grain harvest but the delayed Spring has meant that Poland already expects to have 1m tonnes of grain less than the 22.4m target for this year.

The U.S. Department of Agriculture has opened a trade office in Warsaw which is to promote farm exports to Poland, Czechoslovakia, Hungary and Romania. Exports of U.S. farm products in the 1979 U.S. fiscal year to these four countries totalled \$327m with \$450.3m going to Poland.

Third World imports hit Swiss jobs

By Brj Khindaria in Geneva

IMPORTS FROM developing countries will become a major cause of unemployment in some key sectors of Swiss industry although such imports currently account for only 2 per cent of total consumption in Switzerland. For the first time Switzerland is likely to have an overall deficit on its balance of trade this year.

A report by the Zurich Economic Research Institute, a semi-official body, says that rising imports from low cost countries will particularly hit employment levels in the clothing and textile, food processing, woodwork, leather goods, cosmetics, some pharmaceuticals and toy making industries. Makers of bicycles and motor cycles will also be hurt as well as the jewellery and watchmaking industries.

About a quarter of Switzerland's industrial labour force is employed in these sectors which produce 16 per cent of the country's gross output.

UK aid cuts worry CDC

By James Burton

THE COMMONWEALTH Development Corporation, which finances and in several cases manages many diverse enterprises in 45 developing countries, is concerned about the effects which cuts in the Government aid budget are likely to have on its operations.

Presenting the British-Government-owned corporation's 1979 report yesterday, Lord Grey of Naunton, the chairman, said CDC was receiving less money from the Government this year than it had expected. "We can bear these cuts this year and next year but if our level of financing remains at that level we will have to retract and diminish our endeavours," he said.

CDC argues that its investments overseas not only benefit developing countries but also provide export orders, consultancy contracts and other opportunities for Britain.

CDC has no equity capital but subsists partly on loans from the Government and partly on operating surpluses supplemented by sales of investment. In 1979, during which CDC committed \$82.7m, it drew £26.9m from the Government and repaid a total of £19.3m, as well as paying about £6.40m in tax. This year the corporation will draw about £25m but repay about £22m. The reductions in Government funds over the three years 1978/79 to 1980/81 mean it will get 35 per cent less money than had been expected.

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UK NEWS

EEC may guarantee risk capital for Channel link

BY LYNTON McLAINE

PRIVATE INVESTMENT in a fixed link across the English Channel may be guaranteed by the EEC, the European Commission said yesterday.

Mr. Hugh Rees, of the commission's transport directorate, said an EEC guarantee was "one of the options" to encourage private capital to back a fixed link.

He was speaking at a symposium on Channel links, organised by the British Road Federation.

The British Government is not against a fixed link but in March Mr. Norman Fowler, Transport Minister, said public funds should not be used to find a scheme. This ruled out British Government guarantees for private investment.

Mr. Keith Wickenden, Tory MP for Dorking, said yesterday after addressing a symposium delegates—EEC guarantees would make no difference to British Government policy. Mr. Wickenden is chairman of European Ferries, the largest private ferry operator on the Channel.

He said that "if guarantees are needed, from whatever source, they will indicate that the proposed fixed link across the Channel will be a failure."

As chairman of European Ferries he did not object to the idea of a fixed link, if it was funded by private risk capital.

But he warned British Rail and French Rail, which have proposed an £800m single-bore railway-only tunnel, that approval to proceed with a tunnel would accelerate his company's investment plans for new, fast ferries.

The company plans to take advantage of what it believes would be a weak position of Sealink UK in the event of a tunnel going ahead—the ferrying of cars.

The British Rail proposal is only for passengers and freight to use its planned tunnel. The ferry companies likely to be most vulnerable will be those with a high proportion of the passenger market.

Sealink UK, British Rail's

ferry company, has 41 per cent of the passenger market on short sea crossings from Dover, Folkestone and Ramsgate, compared with European Ferries' 19 per cent share.

Sealink UK has marginally more of the car business on these routes—32 per cent compared with European Ferries' 27 per cent share—and this may temper the impact of the tunnel on the volume of ferry passenger business.

Dover Harbour Board said, in a paper that a decision to construct a tunnel would affect longer term investment at the port. It would cut the port's traffic growth by five years.

Such a cut would have "important implications for Dover." There, over a third of the workforce is employed in activities related to the port.

The board was confident it could continue to handle the forecast growth in all types of traffic beyond the end of the century, without the need for developments greater than those built so far.

RTZ will take stake in Cerro Colorado

BY PAUL CHEESERIGHT

THE CHANGE in leadership at RTZ effectively sets the group on a new course of development and severs the links with those who guided its rapid growth through the 1950s and 1960s

SIR ANTHONY TUKE, who retires as chairman of Barclays Bank next April, is to be the next chairman of Rio Tinto-Zinc, the biggest of the international mining houses based in London, writes Paul Cheeseright. He will succeed Sir Mark Turner, who plans to step down at the next annual meeting of RTZ in May, 1981.

Sir Mark took over as chairman after the sudden death of Sir Val Duncan in December, 1975. He will be 75 when he retires. Sir Anthony will be 60 when he takes over.

The new appointment honours an undertaking made by Sir Mark in 1976 that the positions of chairman and chief executive would be separated. Sir Anthony will be non-executive chairman, working in tandem with Mr. Alistair Frame, who became chief executive last year.

when RTZ was established as a major force in the world mining industry.

Sir Anthony Tuke's appointment reflects the need to have at the top of a major mining house somebody with proven financial acumen and connections. The greater costs of developing new mineral deposits—over £500m for large developments—have brought with them a complexity of new

financing techniques. Funds may come not only from commercial banks but also from international institutions and host governments. A group like RTZ needs somebody who

engineering and technical background of Mr. Alistair Frame, who joined the group in 1968.

It is this web of international connections that gave Sir Anthony the edge over Sir Roderick Carnegie, head of Cominac Riotinto of Australia and a favoured bet for the RTZ chairmanship among many in the industry.

Sir Roderick's experience has been mainly in the Australasian area. He is younger than Mr. Frame, but not had the time to prove himself on a world scale, and the group hierarchy might have found it difficult to pluck out the chairman of one subsidiary at the expense of another.

A cordial relationship between RTZ's London and Australian arms will be essential because the Ashton diamond project in Western Australia is one of the three ventures comprising the next generation of mines for RTZ.

The other two are the Quartz Hill molybdenum deposit in Alaska, which depends on new land legislation from the U.S. Congress, and the Cerro Colorado copper deposit about which



Sir Anthony Tuke
—chairman designate.



Sir Mark Turner
—difficult years.

RTZ is currently having talks with the Panamanian Government.

In short, Sir Anthony and Mr. Frame could be taking RTZ down a new growth path, the outlines of which have been drawn by Sir Mark's team.

Sir Mark took over under difficult circumstances. He soon faced a recession in the industry. His task has been to shepherd the group through sagging market and escalating costs. In 1979, net profits were a record £149.8m.

The circumstances were not

propitious for fresh developments, but during his chairmanship capacity was expanded at many of the group's large mines—Bougainville copper in Papua New Guinea, Rossing uranium in Namibia, and Hamersley iron ore in Western Australia, for example.

Sir Mark was a member of the triumvirate led by Sir Val Duncan which built the present-day RTZ. His chairmanship consolidated that structure and he proved to be more than the stop-gap many expected him to be when he first took the job.

Hope fades for interest rate cut

BY DAVID MARSH

THE CITY has become much more pessimistic about the chances of a cut in interest rates before the autumn. This follows repeated statements from Government Ministers during the past fortnight ruling out any reduction until the high level of bank lending shows definite signs of coming under control.

Minimum Lending Rate has now been at a record 17 per cent for more than six months. Stockbrokers Hoare, Govett, in a report published today, say that MLR is unlikely to be cut until late September or early October, and the rate will probably not be below 15 per cent by the end of the year.

Brokers Laing and Crutch-shank forecast in a separate report that MLR may be cut by 1 per cent in September. But they say that there is no guarantee of further cuts until 1981.

The City's predictions about the timing of an interest rate reduction have been pushed progressively further into the future in recent months. This has been in spite of the Govern-

ment's success in bringing down the growth of the sterling M3 money supply to within the official target range of 7 to 11 per cent.

Hoare, Govett say the outlook for both money supply and inflation is bleaker than thought a few months ago.

Money supply is likely to grow above target during the summer as commercial bills

beld outside the banking system come back within the money supply aggregates following the ending of the Bank of England's "corset" controls.

At the same time, the large increase in 1979-80 local authority borrowing announced last week has cast serious doubt on the authorities' ability to achieve this year's target for public sector borrowing.

Brick deliveries down 5%

BY ANDREW TAYLOR

A SHARPLY reduced house building programme is making its impact felt on brick manufacturers. Deliveries in the three months to the end of April were 5 per cent lower than in the same period a year ago.

Department of Environment figures published yesterday show 23m fewer bricks were delivered than in the same quarter of 1979, when house

building was depressed after a bad winter and a wet spring.

House building, which accounts for three fifths of UK brick sales, seems likely to be depressed for the rest of this year. Council housing allocations for 1980-81 have been cut by a third in England alone.

Nevertheless, brick sales in other sectors of the construction industry appear to be holding up reasonably well.

Crown Life leaving insurance body to raise commission rate

BY ERIC SHORT

CROWN LIFE Group of Companies (UK) is to leave the Life Offices Association, because it intends to pay higher rates of commission to insurance brokers than is permitted by the association.

Mr. Alan Duggin, Crown Life's chief executive, said the commission scale was not compatible with the marketing strategies of the company and would hold back its expansion in the broker market.

Crown Life is the UK life and pensions subsidiary of the Toronto-based Crown Life Insurance but it operates autonomously in the UK. Two years ago it changed its format from selling conventional life and pensions contracts to marketing unit linked life and pensions products as well as mainstream group pensions.

It operates both through a direct selling organisation and

through brokers.

The company's plans for expansion through the broker market are based largely on winning a higher volume of business from selective brokers and rewarding brokers accordingly.

The LOA commission scale does not allow the payment of additional commission for volume business, which Crown Life proposes to pay from June 1. It also intends to pay higher commission than the LOA scale on pension contracts for directors and the self-employed.

Mr. Duggin said higher commission payments would be self-financing from higher productivity. The company was not increasing its premium rates, nor was it raising its charges on unit linked business. The sales staff in the broker division had been given higher targets. Equity and Law terminated

its membership of the LOA in 1971 and Irish Life in 1978 in similar circumstances.

Contest seeks safest driver

A NEW competition seeks to find Britain's "safest driver of the year" and, in doing so, to improve driving standards.

It is sponsored by Autoglass, windscreens manufacturers, and General Accident, motor insurers. The first prize will be one of the first of BL's new Metro cars. Technical assistance and the examination in safe-driving practices will be provided by the Royal Society for the Prevention of Accidents.

The winner will receive the prize when area finalists attend the national finals at the Motor Show, Birmingham, in October.

Bronze medallions fetch total of £791,000

SOTHEBY PARKE BERNET completed its series of sales at Monaco on Tuesday night by disposing of six bronze medallions, made around 1835 by Jean Arnaud to grace the Place des Victoires in Paris. Twelve were made altogether and in 1825 six

£125,000, £104,166, and £72,916, making a grand total of £791,000.

This is netsuke, a member of the London and Christie's began the sale yesterday. The top price was the £8,000 paid by Eskenazi for a boxwood netsuke of a tiger made around 1800.

In the Bonham print sale, two volumes of engravings of paintings in the collection of the Empress of Russia produced in 1788 and taken from the Houghton Gallery in Norfolk, sold for £5,000.

SALEROOM

BY ANTONY THORNCROFT

were sold to King George IV, who gave them to the Marchioness of Conyngham.

The top price was the £177,083, which secured a medallion depicting Louis XIV receiving the ambassadors of Siam, Louis XIV and Vauban at the siege of Maastricht made £156,250 and the same sum secured an allegory on the construction of Versailles. The Musée de France stepped in and pre-empted this lot for the nation. Other medallions sold for

NEDC meeting

THE MONTHLY meeting of the National Economic Development Council, planned for Wednesday, has been postponed until Monday, June 16, because some Ministers involved will be abroad and, because, the memorial service for Sir John Methven, CBI director-general, will take place at noon on Wednesday.

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Liquidations at three-year high

BY ANDREW FISHER

UK COMPANY liquidations in the first quarter of 1980 reached their highest level since mid-1977 with a record number of compulsory liquidations, according to figures from the Department of Trade.

Total liquidations rose to about 1,450 compared with 1,250 in the previous quarter on a seasonally adjusted basis, putting them near the peak levels of 1976 and 1977.

The figures mirror the generally gloomy tone of recent statements about industrial prospects by the Confederation of British Industry, the National Institute of Economic and Social Research, and leading stockbroking firms.

Creditors' voluntary liquidations rose from 559 in some 780 after seasonal adjustment, still under the 1975-77 levels, while compulsory liquidations—decided in court—were up from 652 in 735.

There was a drop in the number of receiving orders, together with administration orders and deeds of arrangement, from 910 to 875, equal to the average level for 1979.

The department's figures—now yet published because of a recent printing dispute—give no idea of the relative size of the companies in difficulties, nor whether they are publicly quoted, and understate the real seriousness of the situation.

Insolvency specialists at leading UK accounting firms say that industry is possibly being hit harder than at any time since the war by the combined pressures of high interest rates, rising inflation, the strong pound, and large wage demands.

Nor do they generally foresee any improvement for at least a year. Dun and Bradstreet, the credit reporting service, said recently that small companies were particularly vulnerable in recession, particularly if they had borrowed heavily to tide them over awkward times.

Tower Houseware makes 135 workers redundant

BY LORNE BARLING

TOWER HOUSEWARE, part of Tube Investments' domestic appliance division, is to make 25 per cent of its workforce redundant because of falling consumer demand for its kitchen products.

The company, based at Wombourne, near Wolverhampton, will cut its present workforce of 540 by 135 over three months, at the same time introducing new working methods in an effort to become more competitive.

The company said it entered the New Year with high stocks because of a poor pre-Christmas period and has been operating on short time since February.

There has been little improvement in demand since then, and although 50 per cent of sales are normally in the second half of the year there is no need to increase output in preparation.

The company, taken over by Tube Investments in 1975, produces ranges of saucepans, frying-pans, pressure cookers and related kitchen equipment.

Mr. Warren Bradley, company personnel director, said he did not foresee any further redundancies. He believed that with some reduction in overall fixed costs, and the prospect of major orders in the near future, the company's future was sound.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100); retail sales value (1976=100); registered unemployment (excluding school leavers) and unutilised vacancies (000s). All seasonally adjusted.

	Ind. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unempl.	Vac.
1978							
4th qtr.	110.3	103.0	109	101.7	132.2	1,349	230
1979							
1st qtr.	110.1	102.6	98	100.7	134.0	1,351	234
2nd qtr.	114.8	107.1	106	105.2	144.8	1,299	256
3rd qtr.	112.8	103.0	99	99.5	144.6	1,269	247
4th qtr.	112.7	103.7	106	101.7	151.9	1,286	239
Nov.	114.1	105.3	114	102.5	153.2	1,282	234
Dec.	112.1	103.3	103	101.7	153.1	1,294	219
1980							
Jan.	111.4	101.8		103.1	155.5	1,329	207
Feb.	110.2	100.5		104.1	158.7	1,314	181
March	108.9	98.1		103.0	159.9	1,414	181
April						1,458	169

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textile etc.	Housg. starts*
1978							
4th qtr.	105.8	97.3	123.9	97.9	100.2	102.2	20.3
1979							
1st qtr.	105.9	99.2	127.1	98.8	98.4	100.0	12.9
2nd qtr.	108.6	103.0	133.0	102.7	110.1	102.9	21.3
3rd qtr.	105.6	96.2	132.2	94.9	103.8	100.2	21.0
4th qtr.	104.3	101.3	129.6	95.1	100.9	94.9	18.1
Oct.	103.0	98.0	130.0	96.0	98.0	97.0	19.2
Nov.	106.0	103.0	132.0	101.0	103.0	97.0	19.2
Dec.	104.0	102.0	128.0	100.0	98.0	92.0	14.6
1980							
Jan.	106.0	101.0	126.0	100.0	65.0	94.0	13.2
Feb.	105.0	102.0	123.0	100.0	59.0	92.0	11.4
March	103.0	97.0	124.0	93.0	67.0	89.0	12.3

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn*
1979							
1st qtr.	109.0	116.9	-1,588	-1,215	-235	107.0	16.78
2nd qtr.	135.3	128.9	-486	-31.0	-229	160.4	21.69
3rd qtr.	129.8	128.1	-493	-238	-158	106.8	23.18
4th qtr.	129.2	128.9	-745	-674	-157	103.7	22.54
Nov.	131.8	125.8	-75	-51	-87	104.1	22.42
Dec.	131.3	131.2	-322	-229	+38	102.6	22.72
1980							
1st qtr.	131.5	126.7	-723	-573	-126	100.7	24.87
Jan.	129.9	128.3	-321	-271	-74	109.9	23.71
Feb.	126.8	129.1	-226	-176	-52	100.6	23.93
March	127.8	123.8	-176	-126	0.0	100.7	25.96
April	127.0	127.8	-264	-214	+44	102.0	28.01

FINANCIAL—Money supply M1 and sterling M3, bank advances in the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (and period).

	M1 %	M3 %	Bank advances	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.6	9.3	32.6	+1,525	777	1,581	13
2nd qtr.	9.7	12.2	28.5	+2,797	777	1,867	14
3rd qtr.	13.5	16.2	13.2	+2,469	933	1,879	14
Dec.	5.1	12.6	16.2	+259	161	333	17
1980							
1st qtr.	-2.3	9.6	25.4	+1,889	624		17
Jan.	-8.1	8.7	22.6	+777	325	688	17
Feb.	-6.4	19.0	20.7	+271	189	687	17
March	-2.8	9.4	22.6	+709	290	633	17
April	-2.5	8.3	19.1	+671	256		17

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1982=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic mfgs*	Wholesale	RPI*	Foodst*	FT comdty	Strig.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.9	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	221.1	231.9	301.96	71.0
4th qtr.	161.7	182.9	181.8	232.2	237.2	325.13	63.8
Nov.	162.1	186.0	181.6	237.7	237.0	327.22	68.4
Dec.	155.1	187.5	183.4	239.4	239.9	325.13	69.7
1980							
1st qtr.	163.0	197.6	191.5	246.2	247.5	324.47	72.4
Jan.	163.0	193.5	183.5	245.3	244.8	328.69	71.4
Feb.	167.3	197.5	191.5	248.3	246.7	304.27	73.2
March	172.6	200.5	194.4	252.3	251.1	321.67	72.6
April		201.9	197.1	260.8	254.1	275.67	72.6

* N = Not seasonally adjusted.

Housing cuts 'affect those most in need'

BY ROBIN PAULEY

THE Government's cuts to housing expenditure were described as appalling yesterday by the Labour-controlled Association of Metropolitan Authorities. An identical motion was defeated at the association's last meeting, before the local government elections earlier this month, when the AMA was Tory-controlled.

Labour now has a majority of 11 over the Tories, who previously held control by one. Yesterday the Labour group formally elected Mr. Jack Smart (Wakefield) as leader, with Mr. Roy Shaw (Camden) deputy. Mr. Smart will take over the chair-

manship from Sir Godfrey Taylor in July.

Yesterday, Mr. John Mills (Camden) and Mr. John Koz (Hackney) reintroduced their motion against the Government's cut in housing investment programmes, which was carried by 40 votes to 34. In April it fell by 33 votes to 35.

The motion said Government policy would mean even more drastic cuts in local authority mortgages, discretionary improvement grants, assistance to housing associations and in every aspect of housing capital expenditure.

"The consequences of this

misguided policy are disastrous," it said. "It is highly regressive, hitting those in most housing need the hardest."

"This association therefore condemns these bnge cuts as totally unacceptable and calls upon the association to use all its powers to get the Government's present housing policies reversed."

Mr. Mills and Mr. Koz rejected Sir Godfrey's advice that they refer the matter back to the housing committee in preparation for the line the new majority group would want to take with Ministers in the consultative housing council.

Pay 'threat' to UK shipping

BY OUR SHIPPING CORRESPONDENT

A WARNING that sharply rising crew costs threaten to price British shipping companies out of the market was given by Mr. Adrian Swire yesterday in his presidential address to the General Council of British Shipping.

Mr. Swire said the gap between UK and Far Eastern manning costs had widened to "alarming proportions." Manning a 25,000-dwt British bulk carrier costs £200,000 a year

more than its Far Eastern-operated counterpart. That extra cost will increasingly make life difficult for the less sophisticated, less capital-intensive end of the British fleet, even when manned by well trained, competent and conscientious British crews, Mr. Swire said.

Recent wage increases have taken a Master's average annual earnings to more than £14,000; a second engineer's to more

than £10,000; and an able seaman's to more than £6,000.

The past four years' sharp decline in the UK fleet did not, Mr. Swire said, justify defeatism or panic.

The UK still has the world's fourth largest fleet. Its vessels are still relatively young, with an average age of seven years. Over the past three years it has contributed an average £1bn net a year to the balance of payments.

Labour Left well placed

By Richard Evans, Lobby Editor

THE Labour Party's Left wing has gained a tactical advantage at Saturday's one-day conference with an agreement that Mr. Anthony Wedgwood Benn will conclude the day's debate.

Mr. James Callaghan, Opposition Leader, will open the special conference, called at Wembley to attack Government economic policies and to present the Labour Party alternative.

However, the other three platform speakers will all be Left-wingers. They will include Miss Joan Lester, MP for Eton and Slough, and Mr. Eric Heffer, MP for Liverpool, Walton.

Before the conference will be a National Executive Committee policy document entitled Peace, Jobs and Freedom, which is heavily Left-orientated.

It seems certain to be approved overwhelmingly by the 900 accredited delegates and the 200 ex-officio delegates expected to attend.

It will then be taken by the Left as a base from which to develop policies.

Confusion might arise on Saturday because of a running pay dispute at Labour Party headquarters that has led to the refusal of some union members to handle conference arrangements.

Distillers plants on short time

BY GARETH GRIFFITHS

THE DISTILLERS' Company, which dominates the Scotch whisky industry, has introduced short time working at half its bottling plants because of falling export sales.

About 3,500 workers have been put on short time at four plants. The Haig plant in Fife, the Sanderson plant at South Queensferry and a Distillers (DCL) central bottling plant at Fife have been working every other week for the past three weeks. The Buchanan bottling plant at Stepps, near Glasgow, will work two weeks out of three.

DCL said it hoped to reintroduce full time working as soon as possible.

The company blames the short time working on a considerable fall in demand during the first three months of this year, coupled with high stock levels overseas. About 90 per

cent of DCL whisky is exported. No redundancies are planned at the moment.

The General and Municipal Workers' Union, which represents the largest number of bottling workers at DCL, has expressed concern over the company's decision not to apply for Government employment subsidies to avoid short-time working.

Mr. James Morrell, the GMWU regional secretary for Scotland, said yesterday about 300 part time workers at other whisky companies had been made redundant because of falling sales.

● DCL has introduced a new de luxe blended whisky, VAT 69 Reserve. The blend, which went on sale this week, is bottled at the Sanderson plant and is being sold at about £7.50 a bottle.

Vehicle test fees to be raised

MINISTRY OF TRANSPORT vehicle test fees are to be increased by £1.10 from July 1, it was announced yesterday.

Mr. Norman Fowler, Minister of Transport, this morning laid the necessary regulations before Parliament. The fees for testing cars, light vans and motorcycle combinations are to be increased to £6.70 from £5.60 and solo motorcycles to £4 from

£3.38. The MoT test certificate is valid for one year.

The reduced re-test fee, which applies under certain conditions, will continue to be half the full fee. The charge for a duplicate test certificate goes up from 50p to £1.

The MoT test fee was last increased on November 1 last year. The test may be performed by any authorised garage.

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UK NEWS

British Shipbuilders alter subsidisation policy

BRITISH SHIPBUILDERS is being forced to alter its policy on subsidising shipbuilding orders, because of the Government's tough financial limits.

Government shipbuilding subsidies are to be shared among shipyards most in need, instead of among yards most likely to win orders. This is prejudicing the marketing efforts of the country's most successful shipyards.

Almost every ship built in Britain is subsidised out of the Government's Intervention Fund. The fund makes up the difference between the UK cost of the ship and the prevailing world price, which is normally substantially lower.

In the year to this July, British shipyards have access to £55m of subsidies from the fund. This drops to £53m in the year to July 1981. But, the effect of this reduction in subsidies has been exacerbated by the strict financial limits which British Shipbuilders now has to observe.

In its last financial year, which ended in March, British Shipbuilders' trading loss was limited to £100m, on top of which could be added about £65m of intervention fund money, making its loss limit £165m.

British Shipbuilders has been able to meet this financial target for 1979-80, but is finding its 1980-81 financial target a much

more difficult assignment.

Under the new target, announced last July, British Shipbuilders' trading losses have been limited to £90m and this is after crediting subsidies of up to £55m from the intervention fund. This means British Shipbuilders' losses are limited

The effects of the Government's financial limits — through the Intervention Fund — on the shipbuilding industry are examined by WILLIAM HILL, Shipping Correspondent. Shipyards most likely to win orders are to be penalised to the benefit of yards most in need of orders.

effectively to £35m in the current financial year.

Since the cash limits were announced nearly a year ago British Shipbuilders' trading environment has deteriorated. The pound has appreciated against both the yen and the dollar by about 5 per cent, making it harder for UK shipyards to compete internationally.

Also, the UK steel strike has further depleted British Shipbuilders' slender financial resources.

As a result of its fears of breaching the Government's tough cash limits for the 1980-1981 financial year, British Shipbuilders is understood to want

to ration the intervention fund subsidies among those yards most in need. This means yards with the longest order-books are being sacrificed in the interests of those yards most in need of work.

This was agreed at a recent meeting of shipyard chief executives. However, it is unlikely that any shipyard can win orders without intervention fund assistance.

Austin and Pickersgill, Britain's most successful shipyard and which has worked until early 1982, will temporarily stop tendering for new orders since current negotiations for two or three ships have been completed.

However, it is understood that A and P came to this decision for its own internal reasons rather than as a result of British Shipbuilders' pressure.

BA plans 747 freight service

BRITISH AIRWAYS' first 747 all-freight service, to operate between Prestwick and New York, starts on October 1 and is expected to make four round trips a week.

The airline operates a twice-weekly 707 all-freight service London-Prestwick-New York and a three-weekly service in the opposite direction.

Enterprise zones plea by Glasgow

By Robin Pauley

GLASGOW District Council is to ask the Scottish Office to agree to a corridor of enterprise zones in the western part of the city. They would take in the declining Singer works in Clydebank, some derelict land in Yoker, the former Goodyear tyre factory at Drumchapel, the former Clyde Valley power station, the former Weir Pumps factory and the old Albion bus works.

Enterprise zones are to be established on about seven sites, each no larger than 500 acres, as an experiment in trying to revitalise depressed inner city areas. Companies setting up within a zone benefit from exemption from development land tax, 100 per cent de-rating on industrial and commercial property, 100 per cent capital allowances for commercial and industrial buildings, simplified planning procedures and exemption from other requirements.

Scotland, Wales and Northern Ireland are expected to have one site each. The Singer site on Clydebank was expected to be the most likely for Scotland although another at Braehead was a possibility.

Glasgow Council thought neither site was ideal and decided to recommend the corridor approach. Officials said the Scottish Office might accept this idea.

UNION CONGRESS DEBATES TOUGH TRADING FIGURES

More Co-op mergers likely

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A WAVE of mergers among the 191 co-operative retail societies as a result of the tough high-street trading conditions is likely to follow the Co-operative Union Congress which ended yesterday in the Isle of Man.

The congress provided the opportunity for a number of retail societies to hold informal preliminary discussions on possible mergers.

Mr. Lloyd Wilkinson, the union's general secretary, said: "There is a spate of merger activity going on." At least half a dozen new mergers were possible this year.

It was disclosed yesterday that the Hull and East Riding Retail Society will soon open merger talks with the Co-operative Retail Services Society. The CRS, the largest co-op society, traditionally takes over retail societies in financial difficulties or those who want to be part of a larger organisation.

The Hull society is in a relatively healthy financial position but wants to join the CRS to take advantage of its greater buying power and access to capital resources for super-store development.

Hull had a turnover of £17m in its last financial year while the CRS had sales of £489m and a trading surplus last year of £15.5m.

Other merger talks being held involve the Walsall and

Kidderminster Retail Societies who are planning to create a £40m retail organisation in the West Midlands.

Earlier this month the Hinckley and Barwell society and the Nuneaton and Atherton society were merged to form the East Mercia Retail Society, with an annual turnover of £20m.

The pressures for mergers were indicated yesterday by new statistics produced by the Co-op Union, the umbrella organisation for the co-operative movement.

They showed that the Co-op's share of total retail trade fell from 7 per cent in 1977 to 6.5 per cent last year. Food sales fell from 11 to 10.7 per cent while non-food sales remained static at 2.6 per cent.

Talks are still proceeding on a proposal to merge the Co-operative Wholesale Society and the larger retail societies into a trading organisation called Co-op GB. The proposal received the congress's backing on Tuesday but no time limit was set for its implementation.

Many delegates think it unlikely, however, that Co-op GB will be formed in the near future. Instead it is suggested that the CRS provides a quicker method of getting the trading benefits of a national organisation.

The Co-op's basic difficulty is that with the trend in the high

street towards national multiple retailers, the 191 retail societies are still largely independent of each other in their trading activities.

At yesterday's closing session the congress roughly condemned the Government's handling of the economy. It unanimously passed a resolution calling upon all members of the Co-operative movement "to

work for the return of a Labour government which will adopt a more enlightened approach to the problems faced by Britain in the contemporary world."

The congress also voted overwhelmingly to try to use the links with co-operative movements in other countries to work towards reducing world tension and cutting arms production.

Few councils ignore local Ombudsman

BY ROBIN PAULEY

ABOUT 5 per cent of councils about which complaints of maladministration are lodged with the local Ombudsman fail to take remedial action, according to a consumers guide to local government published today.

The book says although most councils accept the findings of the Ombudsman—the Commission for Local Administration in England—and try to do some good about them, 17 councils refused between 1974-77, and 15 refused between 1977-79.

In the later group two councils, Birmingham and Epping Forest, twice failed to satisfy the Ombudsman. Walsall and West Oxfordshire appear in both groups.

"One finding of maladministration against Walsall was on the grounds of failure to reply to, or sometimes even acknowledge, letters from complainants' MPs and others. It is the attitudes displayed by these apparently unrepresentative authorities which underline demands for the local Ombudsman to be given teeth—effective powers to enforce remedies," say the authors.

The book highlights the advantage enjoyed by the Northern Ireland local Ombudsman. He can seek an injunction or a declaration from the High Court to prevent a bad council from persisting in action previously reported by the Ombudsman, as maladministration.

A section of the book deals

with local government finance. It concludes that improvement of the rating system would be preferable to replacing rates with a local income tax.

It advocates using the actual market-value of a house as the basis for rating, rather than the present system which is based on an out-of-date estimate of the potential rent a property would command.

The authors say although successive Governments have tried to check the growth in local government spending since 1975, none found it easy to identify large areas of waste or unnecessary provision of services.

"While ratepayers are growing more vigilant and there is increasing study of the comparative costs of neighbouring councils, the problems of assessing efficiency remain."

The ballot-boxes, was not always the answer, because many wards and many authorities were virtually unworkable by minority parties. Alternative answers were public participation and pressure groups.

"The achievement of greater responsiveness and accountability is as much the responsibility of the ordinary citizen as it is of the local authority. The apathetic community deserves the local government which it gets."

A Consumer's Guide to Local Government, edited by Martine Minogue, published by Macmillan for the National Consumer Council, £4.95.

Hamlyn gift to aid Covent Garden

THE ROYAL OPERA House at Covent Garden is to receive £250,000 towards the £7.8m needed to improve conditions backstage from Mr. Paul Hamlyn, founder and chairman of Octopus Books.

Covent Garden has been given an opportunity to swell its appeal fund from a gift of a limited edition of facsimile etchings of London Before and After the Great Fire of 1666 by Wenceslaus Hollar. Of the 250 sets printed, 150 have been presented to the Royal Opera House to aid the appeal. The etchings are published in association with the British Museum by Mr and Mrs Hamlyn, and the collection will be available

to those who have already supported the opera's development appeal in return for further contributions.

The appeal committee, headed by Sir Claus Moser and the Earl of Drogheda, present and past chairmen of the Royal Opera House, has already raised £8m. It has warmly welcomed Paul Hamlyn's generosity.

"The response to the appeal over the past two years has been most encouraging," said Sir Claus. It had enabled work to be started on the building of an extension which, when completed in 1983, would bring the 122-year-old Royal Opera House "up to the standard of other great international opera houses."

CONTRACTS £2m centrifugal pumps for North Sea oil

The Penistone-based Bingham pump division of DAVID BROWN GEAR INDUSTRIES has won orders for centrifugal pumps worth over £2m.

The majority of the orders have been placed by Marathon Oil UK, who are leading a consortium of oil companies to develop the Brae field in the North Sea. The orders include 100 centrifugal pumps for use in North Sea oil offshore installations.

HUNTING SURVEYS has been awarded a contract by BP Petroleum Development Aberdeen to carry out a comprehensive programme of hydrographic and shallow geophysical surveys in the North Sea and the continental shelf of the British Isles during 1980.

Medway Port Authority has awarded a contract worth about £1.2m to HAM DREDGING for the reclamation of 20 acres of tidal mud flats adjacent to the Port of Sheerness. Work comprises supply and placing of dredged hydraulic sandfill, construction of sea defence works to protect the outer side of the reclaimed area, and includes extension of existing outfalls.

Clyde Port Authority, on behalf of Ardrossan Harbour Company, has awarded a contract worth about £800,000 to HAM for dredging in Ardrossan Harbour.

WESTINGHOUSE BRAKE AND SIGNAL COMPANY, a Hawker Siddeley company, has signed a £1.5m contract for train describer equipment on the London to Brighton line.

DATA LOGIC has been awarded a contract worth £140,000 for the first stage of a word processing project to install integrated text and data systems at Price Waterhouses' London and regional offices.

The system incorporates Lextron word processors linked to Raytheon PS 1200 computers. When completed, during the next 12-18

months, the project will be worth about £1.3m.

Ferranti has placed an order with INTERNATIONAL COMPUTERS for two IC/286/10 computers worth a total of £1.2m. The new computers will be installed in September at the Ferranti computer centre in Holbrook, Manchester, which provides computing facilities for all the group's operating companies based in England.

The Bradford-based major projects division of N. G. BAILEY AND CO. has won a contract worth over £300,000 from the Central Electricity Generating Board for the main cabling and earthing at the Cowes gas turbine generating station, Isle of Wight.

RABCOCK PRODUCT ENGINEERING, Crawley, Sussex, has been awarded a £250,000 contract by Shell UK administrative services for co-ordinating the firing system of the three corner tube boilers which supply hot water for heating, etc., throughout the Shell Centre complex, Waterloo, London. Work involves fitting new oil pumps and burners and electronic interlocks and controls.

POWER CLEANING, Romsey, Hampshire, has been awarded a £150,000 contract by London Transport Executive for work on the Northern and Bakerloo lines of the London Underground. The company will be removing 23 km of noise reduction baffles from the sides of the tunnels. The baffles consist of perforated board and pulverised fuel ash. They are being removed because of maintenance difficulties.

An order worth about £25,000 has been placed with FISHER CONTROLS, physics instrumentation division, Luton, by the London Electricity Board for extensions to an existing telemetry control system.

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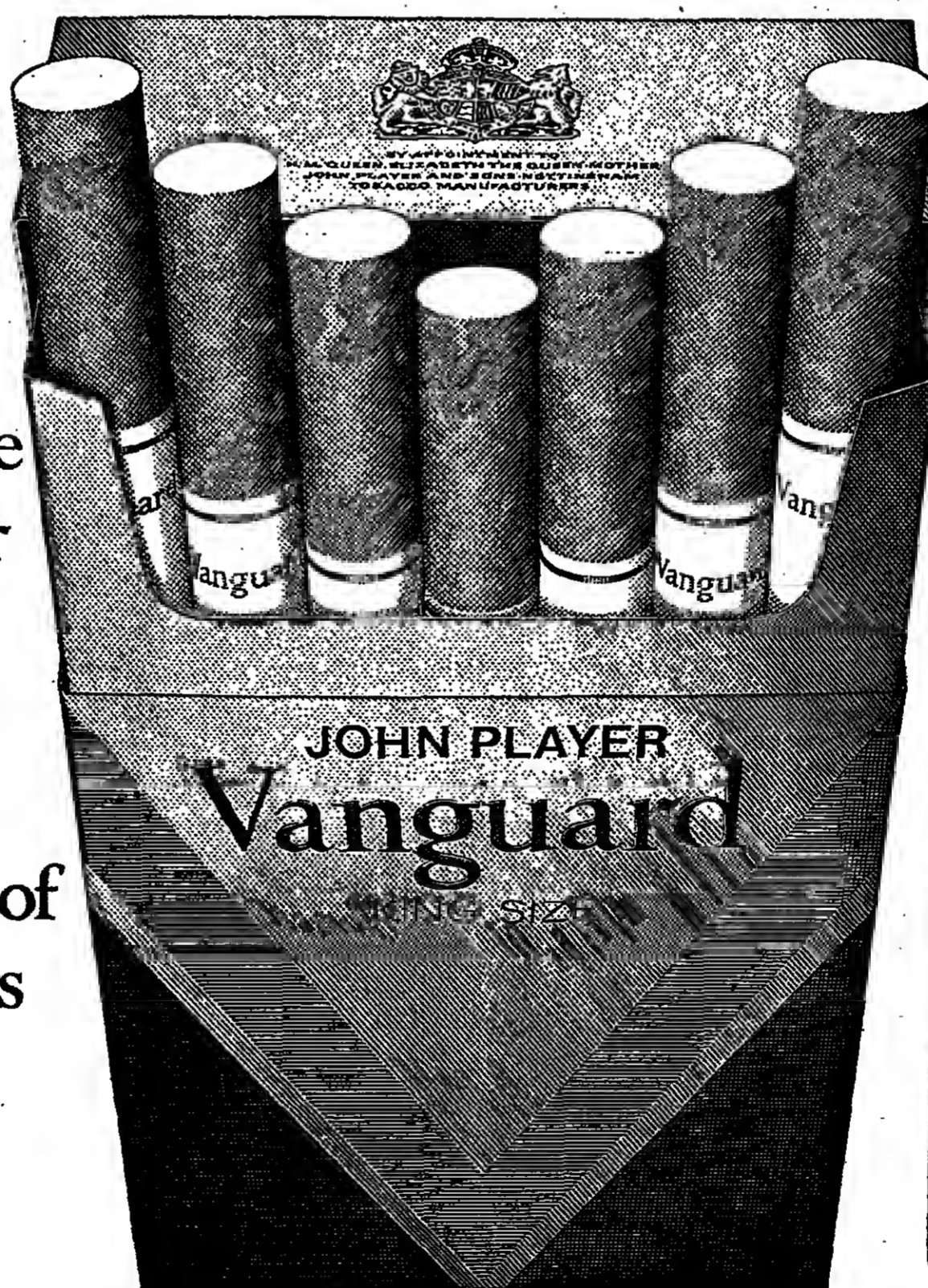
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UK NEWS - LABOUR

Days lost through strikes up 40%

By Philip Bassett, Labour Staff

BRITAIN lost more than 9.2m working days through strikes in the first quarter of this year, according to figures published yesterday by the Department of Employment.

This is an increase of more than 40 per cent over the total for the same period last year—the height of the so-called "winter of discontent" under the previous Labour government.

The loss of 9,297,000 days through industrial stoppages—the steel strike accounted for 8,575,000—is also nearly a third of the record total of 29m days lost through strikes last year.

The total is an indication that the figure for the year may well approach or even surpass last year's record.

In the first quarter, the year, although the number of days lost was much higher, only 345,200 workers were involved compared to 2,037,400 in the same period last year.

Publication of the figures in the Department of Employment Gazette was delayed until yesterday because of the recent printing dispute involving the National Graphical Association. Publication of the May issue has also been delayed and the department does not now expect it to be published until the middle of next month.

The steel strike accounted for 2.5m days lost in March, although the month's total of 3,328,000 showed only a small increase on the February total of 3,212,000. The number of workers involved rose, however, from 188,000 to 224,000.

Apart from the steel strike, the department lists as prominent stoppages in March a one-day strike by 5,600 Liverpool dockers in support of 100 workers laid off for refusing to load steel, and a one-day stoppage by radio-grammers and other supplementary medical staff in protest at a report by the Clegg comparability commission.

Short-time working in manufacturing industries rose in February to its highest level since early 1976.

AUTHORITARIANISM 'WILL BE RESISTED' BUT...

Murray calls for consensus

BY JOHN LLOYD, LABOUR CORRESPONDENT

CONSENSUS BETWEEN Government and trade unions on a range of issues was urged by Mr. Len Murray, general secretary of the TUC, yesterday.

He gave a warning, however, that where Government "rejected consensus in favour of authoritarianism, whether in the form of open, centralised dictatorship or in the form of the hidden but iron hand of the marketplace," then unions "would use every weapon that is properly available" to defend living standards, jobs and the social wage.

Mr. Murray, giving the third in the present series of Granada Guildhall lectures, took as his central theme the acceptability of policies and of democracy as a whole.

The dilemmas with which particularly British society were

faced, he said, "can only be resolved... by establishing a consensus democratically through argument, debate and agreement, and that is essentially, at all levels, a bargaining process, a continuous process, which is neither fixed nor finished."

He said: "We need to evolve in our society structures and representative institutions—political, social and industrial—through which people can express their choice and can do it in a continuous and responsible way."

"Putting a cross on a ballot paper once every five years is no substitute for democracy."

Mr. Murray echoed many of the arguments advanced in the early period of the last Labour Government, when the issue of

industrial democracy was to the fore. He again emphasised the twin themes of involvement in decision-making, and acceptance of responsibility for the consequences of decisions.

Although unions could more easily find common ground with Labour Governments, Mr. Murray continued, "that does not mean we cannot find areas of agreement with Conservative Governments. We have done so in the past."

Nor could a Labour Government take trade union support for granted, as the arguments over the "In Place of Strife" proposals in 1968-69, and the "discontents of the winter of 1978-79," had illustrated. The limits of Government policies towards the unions were set by whether or not they were

acceptable to their members.

Mr. Murray issued several oblique warnings to the Government, saying that it was "no good trying to turn back clocks whose hands point inexorably to the 1980s," that "naïve appeals to the marketplace" would not be needed; and that the Government was taking "three steps back" from a recognition of the right of unions to have their views seriously considered.

He warned unions, too, that untrammelled wage bargaining was of no greater use than a rigid pay policy; that the multiplicity of unions in collective bargaining structures should be reduced; and that they had obligations "to accept the changes which are needed to achieve the objectives which they have shared in defining."

IPC journalists to face lockout

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE International Publishing Corporation (IPC) is to lock out the 1,400 journalists employed in its magazine, business press and book publishing divisions from next Monday.

A letter sent to the journalists yesterday says that any of them entering any premises next week will be "deemed to be a trespasser," and that "should this letter be disregarded, you should understand that the company is going to take steps to ensure that these instructions are legally enforced."

The company said that the intention of the letter was to make clear to its staff that they had "dismissed themselves." IPC dismissed the journalists on April 25 after a one-day strike in support of a 28 per cent pay claim.

Since then, the journalists have attempted to work normally through publication of all IPC magazines has been suspended by the management.

Mr. John Pearson, secretary of the IPC National Union of Journalists' group chapel (office branch) said last night: "We are very disturbed by this latest move. The management appears to be negotiating by deadline—this seems to be a scare tactic. As far as we are concerned, we were still negotiating."

Mr. Pearson has asked for fresh talks between management and chapel officers as

soon as possible. The chapel committee has also called a mass meeting for tomorrow of all journalists affected.

Talks between chapel officers and IPC management over the past two weeks have centred on the issue of back pay for the period in which the journalists have been dismissed.

The journalists have claimed full payment, while IPC has offered the equivalent of full pay for about half the period, with a sum covering payment for the remainder held in a joint union-management account pending a settlement of the dispute.

IPC emphasised last night that the basic issue remains that of pay. The 28 per cent pay claim is the largest difficulty we have. If we could get agreement on that, then we would soon see a return to work."

Most of the journalists are continuing to reject the "half-and-half" formula for back pay. Mr. Pearson said soundings taken of the various chapels in the group this week indicated that about 900 journalists still insist on full back pay, while 200 saw the management formula as a basis for further talks.

The dispute, now in its fifth week, was beginning to cause hardship among its members. The NUJ has asked members for a voluntary contribution to the IPC strike fund to a jubilee sale to raise further cash.

Thatcher to see nurses' leaders

By Pauline Clark, Labour Staff

THE PRIME MINISTER will meet nurses' union leaders in Downing Street this morning in an attempt to end what one union described yesterday as "the worst crisis for six years" in the profession.

The talks will examine the present dispute over pay affecting 480,000 of Britain's nurses and midwives. Mr. Patrick Jenkin, Secretary for Social Services, and Mr. Gerald Vaughan, Health Minister, will also take part.

It was made clear by Downing Street, however, that Mrs. Thatcher's agreement to talks with the unions did not mean that she would become involved in negotiations.

It is only the second time that the Prime Minister has agreed to talks directly with union leaders about a labour crisis over pay.

Nurses' leaders made clear yesterday, however, that they would press hard for Mrs. Thatcher to give the go-ahead for a nurses pay rise above the 14 per cent cap limit.

Negotiations broke down on Tuesday when unions said they could no longer accept a 14 per cent ceiling following the recent 18.7 per cent pay award to doctors.

Mr. Albert Spanswick, general secretary of the Confederation of Health Service Unions—one of the leading nurses' unions—said yesterday that he welcomed the Prime Minister's "cordial response" to the union request for a meeting. After a union executive meeting on the crisis, he said: "I stress we do not expect instant solutions. But we do want the Prime Minister to authorise management to reach agreement which will reflect the protection of nurses pay which she committed herself to last year."

Ford to cut Langley truck output

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FRESH EVIDENCE that the recession is biting deeply in the UK truck industry came yesterday when Ford said it is to cut production at its Langley plant next month.

Ford will have four "down days"—non-working days—in June, representing a 10 per cent reduction in output for the month. Langley produces most of Ford's medium-weight trucks. It is the first time in the present recession that any Ford

UK assembly plant has been put on short time, although the transmission plant at Halewood, Merseyside, has already suffered short-time working this year and will be affected again when about 728 employees are laid off for a week from June 23.

Halewood makes gearboxes for Capri and Granada cars assembled at the Cologne plant and for vehicles produced in the UK. It has been hit by the

downturn in demand for some Ford products on the Continent which has been in evidence since last autumn.

The men laid off at both plants will receive 80 per cent of their normal pay.

There is better news from BL which has decided to restore output of its Maxi and Princess models at the Cowley plant to pre-December levels from June 2.

Rising stocks forced BL to re-

duce output of the models last December, but they have benefited from the group's "Buy British" campaign.

The 10 per cent price reduction on the Maxi, which will continue through summer, has also helped to lift its sales to more than double the level before the cut. Output will therefore go back up from 200 to 450 a week while Princess production goes from 400 to 450.

Musicians' strike threatens BBC

Hopes have faded of averting a strike by musicians which would silence some BBC television and radio programmes, and disrupt many others from Sunday.

This is in spite of moves to save at least two out of five BBC orchestras threatened by economy cuts.

Talks aimed at preventing the walkout resume today but a Musicians' Union leader said last night: "We are utterly pessimistic about the outcome of the meeting."

The union dismissed reports about offers which could save the orchestras in Scotland and Northern Ireland as "BBC propaganda."

"The offers we have read about in fact offer no hope to either the Scottish Symphony Orchestra or the North Ireland Orchestra," said Mr. Sten Hibbert, the union's assistant secretary. He said the union saw no alternative but to go ahead with the strike.

Mr. Hibbert said he understood there was an offer for a permanent home for the Scottish Symphony Orchestra at Sterling University, plus other facilities worth nearly £100,000 a year.

In Northern Ireland we are told that the Ulster Orchestra may increase its strength to 70 players," he said.

Mr. Hibbert said the musi-

cians in both orchestras had seen the offers and thought they were "absurd."

The BBC has already written to the Musicians' Union setting out its own new moves for discussion at today's talks. It said it had earmarked £100,000 a year each for Scotland, Northern Ireland and the other two regions affected by orchestra cuts—Birmingham and Manchester.

The BBC also said that if others were prepared to share the burden of music-making in those regions it would co-operate. There were clear signs that people were coming forward with offers of help.

Offer to Labour staff

BY OUR LABOUR STAFF

STAFF at the Labour Party headquarters will today discuss a revised pay offer which their employers hope will lead to their withdrawing a threat to strike from next Monday.

The staff, who have been demanding a 32 per cent increase, have started industrial action which could lead to the cancellation of the party's special conference at Wembley on Saturday.

The management yesterday improved their offer from 20 to 22 per cent and agreed to a pay comparability exercise with TUC staff.

Earlier, about 40 angry demonstrators confronted Mr. James Callaghan, Opposition Leader, as he arrived at the party's new Watford Road headquarters in South London for his national executive's

monthly meeting. He asked: "What's it all about?" as he was faced with placards. The protesters included members of the Transport and General Workers Union, the Association of Professional, Executive, Clerical and Computer Staff, the National Union of Journalists and the Society of Graphical and Allied Trades.

Airport hit by walk-out

CHARTER FLIGHTS from Manchester were switched to Heathrow and East Midlands airports yesterday when 80 ground workers employed by Servisair walked out on indefinite strike. The strikers, members of the Transport and General Workers' Union, said: "We shall stay out until management agree to go to arbitration over our pay claim."

NOTICE OF REDEMPTION

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of July 1, 1967 among Celanese International Finance Company, Celanese Corporation, as Guarantor, and The Chase Manhattan Bank (National Association), as Fiscal Agent, \$980,000 in aggregate principal amount of the above-captioned Debentures will be redeemed for the sinking fund on July 1, 1980 at the redemption price of 100% of the principal amount thereof, together with accrued interest to July 1, 1980.

The numbers of the Debentures to be redeemed are as follows:

N#	21	2088	3574	4861	8912	8936	10551	12484	14344	16770	17167	17964	19207
	22	2107	3584	4867	8922	8937	10678	12499	14356	16771	17168	17977	19208
	23	2112	3595	4869	8931	8967	10683	12512	14362	16783	17178	17978	19209
	24	2117	3596	4870	8933	8968	10690	12517	14368	16789	17183	17983	19212
152	2114	3587	4872	8937	8969	10693	12518	14372	16792	17192	17984	19226	
153	2135	3598	4821	9000	8981	10955	12572	14492	16279	17197	17991	19228	
159	2137	3600	4923	9003	8984	10957	12573	14493	16280	17202	17994	19232	
214	2196	3603	4930	9040	8996	10960	12644	14502	16367	17214	18003	19230	
217	2234	3659	4953	9174	8998	10978	12648	14521	16371	17227	18004	19232	
228	2440	3853	4958	9224	9004	11025	12648	14542	16372	17228	18005	19232	
547	2450	3847	5066	9282	9006	11056	12655	14550	16375	17230	18023	19297	
584	2457	3891	5144	9291	9010	11057	12690	14551	16405	17235	18024	19303	
615	2458	3893	5166	9324	9013	11058	12695	14552	16410	17239	18025	19304	
621	2527	3895	5169	9335	9069	11183	12782	14638	16414	17254	18048	19352	
660	2530	3715	5218	9338	9072	11163	12835	14699	16415	17255	18011	19353	
671	2548	3717	5217	9349	9081	11168	12847	14704	16420	17260	18016	19358	
673	2572	3719	5291	9375	9158	11167	12908	14784	16486	17289	18028	19355	
677	2573	3744	5341	9378	9161	11216	12910	14785	16487	17290	18029	19359	
680	2584	3732	5348	9395	9170	11281	12916	14728	16497	17368	18029	19360	
681	2620	3740	5350	9396	9178	11387	12919	14738	16500	17389	18031	19361	
683	2628	3741	5396	9395	9183	11389	12920	14743	16502	17390	18032	19362	
685	2699	3807	5428	9521	9215	11391	12927	14745	16512	17407	18030	19357	
687	2700	3853	5432	9523	9240	11384	13247	14790	16515	17412	18033	19358	
689	2701	3854	5433	9524	9241	11385	13248	14791	16516	17413	18034	19359	
684	2705	3867	5467	9529	9245	11393	13249	14796	16516	17414	18032	19362	
685	2712	3871	5480	9577	9249	11407	13250	14874	16521	17471	18034	19365	
681	2715	3886	5475	9581	9253	11413	13251	14875	16522	17472	18035	19366	
686	2718	3933	5544	9583	9451	11400	13326	14880	16526	17482	18042	19361	
610	2720	3867	5558	9586	9524	11493	13334	14892	16527	17496	18043	19367	
628	2724	4029	5593	9594	9531	11494	13335	14893	16528	17497	18044	19368	
690	2733	4042	5647	9662	9686	11558	13349	14904	16533	17506	18048	19369	
694	2735	4045	5655	9677	9690	11559	13350	14905	16534	17507	18049	19370	
700	2771	4064	5659	9758	9789	11559	13353	14918	16539	17546	18043	19364	
708	2772	4065	5708	9781	9791	11571	13354	14919	16540	17547	18044	19365	
1031	2830	4086	5712	9782	9802	11672	13480	14923	16550	17555	18048	19373	
1048	2833	4087	5713	9792	9831	11613	13482	14924	16551	17612	18049	19376	
1058	2835	4088	5714	9793	9832	11614	13483	14925	16552	17613	18050	19377	
1064	2841	4070	5728	9868	9834	11679	13527	15151	16573	17675	18057	19392	
1072	2842	4073	5743	9818	9852	11680	13528	15158	16578	17686	18058	19393	
1073	2843	4074	5744	9819	9853	11681	13529	15159	16579	17687	18059	19394	
1076	2846	4084	5865	9954	9977	11714	13620	15175	16589	17720	18058	19410	
1088	2850	4121	5874	9955	9978	11715	13621	15176	16590	17721	18059	19411	
1110	2852	4123	5881	9972	9987	11716	13622	15177	16591	17722	18060	19412	
1116	2858	4125	5893	9974	9996	11801	13689	15220	16591	17730	18062	19427	
1124	2859	4126	5894	9975	9997	11802	13690	15221	16592	17731	18063	19428	
1128	2858	4144	5915	9959	9934	11875	13693	15237	16519	17742	18060	19473	
1201	2857	4165	5823	9776	9937	11876	13725	15328	16632	17743	18068	19474	
1202	2857	4166	5824	9777	9938	11877	13726	15329	16633	17744	18069	19475	
1203	2858	4167	5825	9778	9939	11878	13727	15330	16634	17745	18070	19476	
1204	2859	4168	5826	9779	9940	11879	13728	15331	16635	17746	18071	19477	
1205	2860	4169	5827	9780	9941	11880	13729	15332	16636	17747	18072	19478	
1206	2861	4170	5828	9781	9942	11881	13730	15333	16637	17748	18073	19479	
1207	2862	4171	5829	9782	9943	11882	13731	15334	16638	17749	18074	19480	
1208	2863	4172	5830	9783	9944	11883	13732	15335	16639	17750	18075	19481	
1209	2864	4173	5831	9784	9945	11884	13733	15336	16640	17751	18076	19482	
1210	2865	4174	5832	9785	9946	11885	13734	15337	16641	17752	18077	19483	
1211	2866	4175	5833	9786	9947	11886	13735	15338	16642	17753	18078	19484	
1212	2867	4176	5834	9787	9948	11887	13736	15339	16643	17754	18079	19485	
1213	2868	4177	5835	9788	9949	11888	13737	15340	16644	17755	18080	19486	
1214	2869	4178	5836	9789	9950	11889	13738	15341	16645	17756	18081	19487	
1215	2870	4179	5837	9790	9951	11890	13739	15342	16646	17757	18082	19488	
1216	2871	4180	5838	9791	9952	11891	13740	15343	16647	17758	18083	19489	
1217	2872	4181	5839	9792	9953	11892	13741	15344	16648	17759	18084	19490	
1218	2873	4182	5840	9793	9954	11893	13742	15345	16649	17760	18085	19491	
1219	2874	4183	5841	9794	9955	11894	13743	15346	16650	17761	18086	19492	
1220	2875	4184	5842	9795	9956	11895	13744	15347	16651	17762	18087	19493	
1221	2876	4185	5843	9796	9957	11896	13745	15348	16652	17763	18088	19494	
1222	2877	4186	5844	9797	9958	11897	13746	15349	16653	17764	18089	19495	
1223	2878	4187	5845	9798	9959	11898	13747	15350	16654	17765	18090	19496	
1224	2879	4188	5846	9799	9960	11899	13748	15351	16655	17766	18091	19497	
1225	2880	4189	5847	9800	9961	11900	13749	15352	16656	17767	18092	19498	
1226	2881	4190	5848	9801	9962	11901	13750	15353	16657	17768	18093	19499	
1227	2882	4191	5849	9802	9963	11902	13751	15354	16658	17769	18094	19500	
1228	2883	4192	5850	9803	9964	11903	13752	15355	16659	17770	18095	19501	
1229	2884	4193	5851	9804	9965	11904	13753	15356	16660	17771	18096	19502	
1230	2885	4194	5852	9805	9966	11905	13754	15357	16661	17772	18097	19503	
1231	2886	4195	5853	9806	9967	11906	13755	15358	16662	17773	18098	19504	
1232	2887	4196	5854	9807	9968	11907	13756	15359	16663	17774	18099	19505	
1233	2888	4197	5855	9808	9969	11908	13757	15360	16664	17775	18100	19506	
1234	2889	4198	5856	9809	9970	11909	13758	15361	16665	17776	18101	19507	
1235	2890	4199	5857	9810	9971	11910	13759	15362	16666	17777	18102	19508	
1236	2891	4200	5858	9811	9972	11911	13760	15363	16667	17778	18103	19509	
1237	2892	4201	5859	9812	9973	11912	13761	15364	16668	17779	18104	19510	
1238	2893	4202	5860	9813	9974	11913	13762	15365	16669	17780	18105	19511	
1239	2894	4203	5861	9814	9975	11914	13763	15366	16670	17781	18106	19512	
1240	2895	4204	5862	9815	9976	11915	13764	15367	16671	17782	18107	19513	
1241	2896	4205	5863	9816	9977	11916	13765	15368	16672	17783	18108	19514	
1242	2897	4206	5864	9817	9978	11917	13766	15369	16673	17784	18109	19515	
1243	2898	4207	5865	9818	9979	11918	13767	15370	16674	17785	18110	19516	
1244	2899	4208	5866	9819	9980	11919	13768	15371	16675	17786	18111	19517	
1245	2900	4209	5867	9820	9981	11920	13769	15372	16676	17787	18112	19518	
1246	2901	4210	5868	9821	9982	11921	13770	15373	16677	17788	18113	19519	
1247	2902	4211	5869	9822	9983	11922	13771	15374	16678	17789	18114	19520	
1248	2903	4212	5870	9823	9984	11923	13772	15375	16679	17790	18115	19521	
1249	2904	4213	5871	9824	9985	11924	13773	15376	16680	17791	18116	19522	
1250	2905	4214	5872	9825	9986	11925	13774	15377	16681	17792	18117	19523	
1251	2906	4215	5873	9826	9987	11926	13775	15378	16682	17793	18118</		



SEATS HALF EMPTY, ROADS OFF YOUR MIND.

To read most estate car advertisements you'd think the roads were full of people rushing 6ft sofas from one side of the country to the other.

In fact, most estate cars are used to carry smaller, more fragile items.

Like children.

Which is why we designed the Volvo estate to be more than just a load carrier.

Each of the rear doors has a childproof lock, including the tailgate.

The passenger compartment is protected by a strong steel cage.

And instead of thin veneers of walnut on the fascia we give you thicker sheets of steel on the door.

Should you run into trouble a crumple zone at the front of the car will soak up a lot of the impact.

While if trouble runs into you there's a similar arrangement at the back.

We made the Volvo easy to drive, too.

The turning circle is only 32ft and big clear windows give you over 91% visibility.

(Our rear window also has its own wiper, washer and defroster.)

The steering is rack-and-pinion and reassuringly light.

The driving seat was designed with the help of orthopaedic specialists.

(Who better to design a good seat than the experts on bad backs?)

At Volvo we believe a comfortable driver is a safe driver and we build our cars accordingly.

There are now 5 versions of the Volvo estate, with a choice of 4 or 6 cylinder engines.

All of them will take a 6ft sofa with ease. And a 6 year old child with safety.

Please send me the 1980 edition of 'Volvo Facts'.
To: Volvo Concessionaires Ltd., London W13 9JQ.

Name _____

Address _____

FT19

VOLVO. A CAR WITH STANDARDS.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PROCESSING

Fills vials quickly

AUTOPACK has delivered and installed the first of a new series of automatic vial filling and sealing machines to Miles Laboratories in Glamorgan.

Model 229 is aimed primarily at the pharmaceutical field and incorporates an improved, enclosed can box and drive unit which takes maximum filling rate up to 60 vials filled per minute to 60 per minute, depending on the application.

The first system is to handle liquid pharmaceuticals under sterile conditions for Miles, filling these into 2 ml vials.

Miles has been using Autopack equipment for at least the past 25 years. During that time, several advances have been made and special systems designed to suit the company's particular requirements.

An important example, which is now available as a standard option, is a special magazine feed, designed to feed unstable vials. This enables Miles personnel to load the magazine directly from the sterile trays.

By the time they reach the bottom of the magazine they are upright and ready to be fed directly into the main feed roller pockets for dosing. Vials are

supported throughout the filling operation and are discharged into a specially designed automatic stacking mechanism for packaging into a removable tray unit. This latter system too is optionally available.

Autopack, POB 2, Malvern, Worcs, WR14 1DB, 0648 61651.

Makes peat bricks

A SMALL Danish tool company, Hosta Vaerktoj, has developed a small stationary peat presser which can be powered by a tractor to produce 25,000 to 40,000 peat bricks a day—roughly what a small household would use in a winter season.

The company has sold the first 10 machines to Ireland and it expects to export to other peat-burning countries. The current model is hand-loaded, but later models will be fitted with a conveyor belt loading system. The cost of the current model is about Kr 6,800. Address of Hosta Vaerktoj is Gøstlevvej 1, DK-9520 Hjørrup, Denmark.

Ensures right mix

UP TO 45 powdered products can be automatically weighed and fed into a manufacturing process by means of an automatic system developed by the Plant and Equipment Division of Dunlop's Engineering Group in Coventry.

The system automatically controls and weighs from a series of hoppers, to a programmed formula, any combination of product mixes with constant accuracy, it is claimed.

Accuracy of control is achieved with the aid of an Intel micro-processor which also provides the system with a maximum programme storage capacity of up to 400 formulations.

Products which require weighing and formulating are

emptied via sack tip units into individual product hoppers each designed to give the best flow characteristics for a particular product and to ensure constant discharge from the hopper to the feeder.

After each product is individually dispensed and weighed, the control system returns the weighing equipment to zero before feeding the next product in the formulation. This procedure is repeated until the formula is complete. The product is fed either into polythene bags of varying size, or directly into a large receiving unit, capable of containing the total batch mix.

The system is stated to be particularly attractive for small volume formulations containing products that are normally difficult to handle as a result of their consistency or irregularity of structure, and where hazards to the health of plant operators might exist.

Full details of the equipment can be obtained from Dunlop at Hollbrook Lane, Coventry CV6 4AA, 0203 88733.

SAFETY

Steel doors keep fire at bay

PROMISING EXCELLENT fire protection is a range of one-hour fire resistant single leaf, double skinned steel doors (and hatches) called the FR75 from Hormann (UK), Ashville Trade Estate, Cambridge Road, Whitstone, Leicester (LE15 361404).

Door comes complete with a steel corner frame which has an intumescent strip incorporated on three sides. Both door and frame are galvanised with a light grey plastic stoved primer ready for finish painting.

A lever handle latch set and lock are supplied as standard, together with a self-closing spring hinge and all fittings for installation.

Four standard sizes are available, all tested to BS476 Part 8.

CONSTRUCTION

New concrete flooring reduces costs

FIRST INNOVATION for quite some time in the flooring market is a method of constructing suspended concrete trough floors, announces Tinsley Building Products, Milner Street, Warrington, Lancs (Warrington 51503).

Promising to be the only "off-the-shelf" floor, it is entirely British in concept and manufacture and should save not only labour expenditure, but also significantly cut down the price of erection.

Consultant engineers and contractors are offered the method on a stock basis. There are three components: planks and

formers which are factory produced, and concrete placed at site.

Planks are GRC (glass reinforced concrete) in standard width and depth, and embodying a Twistlud girder, are grooved along the edges to take the trough formers. The Twistlud girder is either manually or mechanically handled and serves to stiffen the planks to allow propping at minimum two-metre intervals. The girder also ensures mechanical bond between the GRC and in situ concrete.

The planks are produced in

standard lengths of 7, 8, 9, 10, 11 and 12 metres, held in stock by Pilkington Bros' subsidiary, Glass Reinforced Concrete, and can be cut to any length required either at the works or on site.

The GRC formers are 450 mm wide to give plank centres of 600 mm and 200, 250, 325 or 400 mm deep which, within in situ toppings ranging from 50 to 150 mm, give a variety of floor depths from 250 to 550 mm in 25 mm increments.

Formers are in standard lengths of 1,200 mm and half-lengths of 600 mm, and stop end

units, cross rib units and tray units are also available from stock. The formers are so designed that when located in the plank groove a smooth soffit without "steps" is presented.

In situ concrete completes the floor and site work is easy and quick, says the company. Unlike in situ or precast concrete sections, the GRC units provide such a smooth final appearance that, dependent on the application, decoration may not be necessary. Suspended ceilings can, if desired, be readily incorporated.

DEBORAH PICKERING

SHIPPING

Recovering oil from sunk tanker

THE FRENCH Government has appointed International Diving Company, Comex, to retrieve 13,000 tons of fuel from the tanker "Tania" which is lying off the Brittany coast in 94 metres of water.

Working from a dynamically positioned (DP) diving support vessel, the company's divers will use ultrasonic devices to precisely locate the 13 compartments containing oil in the overturned hull.

A specially designed articulated column, suitable for water depths from 250 to 120 metres, will be anchored close to the

tanker's hull on a gravity base and will constitute a single point mooring for a 25,000 tons recovery tanker. This will also be used as a base for hot water lines and an upward emulsified oil recovery line. All these lines will be bottom connected by the divers.

Because of low temperature on the sea bed, the trapped fuel will require to be heated prior to being pumped out, and this will be achieved by the injection of hot water into each compartment via previously drilled tapings in the hull. The emulsified oil-water mixture will then be lifted through the

tappings and flexible hoses to the recovery tanker.

Following completion of the subsea connections, the entire recovery operation will be monitored from the recovery tanker.

Automatic shut-off valves have been provided for fast disconnection in the event of weather exceeding the mooring limits.

The recovery project is expected to be completed by September says Comex Headquarter Diving, Bucksburn House, Howes Road, Bucksburn, Aberdeen (0224 714101).

MATERIALS

Coating protects steelwork

A HIGH LEVEL of protection for steelwork comes from a system based on a two-pack combination—single pack zinc-rich primer, plus one single pack top coat—says Polymer Products, of Falmouth, Cornwall.

When combined, they give particularly good adhesion to a steel surface, achieved by a cold galvanising action and by intercoat fusion between the coats.

Finish dries to give a smooth and abrasion-resistant surface yet remains sufficiently flexible to retain its adhesion during

impact deformations of the substrate or thermal expansion.

Thermoplastic is said to give protection also against water immersion and humidity. Maker claims it has outstanding performance, too, against salt spray and most industrial environments.

Application is by brush, roller or standard sprays, without special operator precautions, and the product has indefinite shelf life. There is no critical time for recoating, and new coats will fuse with the old.

The company offers a similar

Thermoplastic paint system for coating concrete surfaces which uses a mist primer and gloss top coat. This is regarded as particularly suitable for use in abattoirs, dairies, and premises where there are statutory hygiene standards.

Results in a better concrete

A NEW high-performance concrete plasticiser called Conplast 337 has been put on the market by Fosroc Construction Chemicals.

The company claims that the product will enable production of a highly workable concrete without loss of strength. When added to a mix it causes dispersal of the cement particles and obviates a tendency to agglomerate.

Faster construction times are said to be possible with improved quality. A denser, close-textured concrete is produced with improved durability and surface finish. Full details can be obtained from the company at Vimy Road, Leighton Buzzard, Beds. (0525 373773.)

Pallet loads wrapped easily

MATERIALS HANDLING charges need to be kept as low as possible, since rising labour and material costs reflect narrowing profit margins throughout industry, says Lawco, 60, Vauxhall Road, Liverpool (051-227 1212).

The company has introduced its new PTH spiral stretchwrapping machine which wraps a continuous succession of pallets five times as fast as manual stretchwrapping, and with only a fraction of effort.

Machine ensures that a constant throughput of pallet loads is quickly and efficiently secured with just the right amount of high-tack, strong, polythene stretchwrapping with no expensive wastage.

COMPONENTS

Digital time clocks

THE DAYS of the electro-mechanical beating control time-driven by a synchronous motor switch in which a rotating disc actuates a switch by means of adjustable protrusions round the periphery seem to be numbered in view of an announcement from Honeywell about an electronic unit with liquid crystal display.

Known as the ST range, these units do away with the rather fiddling setting arrangements and reduce everything to button pressing. Only four inches square, they have a large LCD time display panel under which are situated time setting controls for one or two on-off cycles: the user simply slides the "time set" control to the on and off positions setting the time for each using the display and a fast-slow inching control.

There are three variants. The ST 699A has only one controlled output (combined heating and hot water) while the 499A has separate outputs. To put the range model is the 699B which has two outputs and changeover switching, for use where motorised valves have to be powered open and shut.

A convenient advantage is that the time taken setting the unit does not affect accuracy of action because the time keeping function is handled in the customer's integrated circuit employed.

Any on or off state can be overridden by using a separate button on the front panel. Normally the display shows the time of day, but the slider can always be up to any on or off position to check actuation times.

ST units are being made at the Honeywell factory in Scotland and were also designed there. Prices are expected to be competitive with currently available electromechanical devices.

Honeywell Control Systems is at Charles Square, Bracknell, Berkshire (0344 24555).

Range of collators is from eight to 50 bins.

Machine is said to contain an exclusive programmer which is colour coded for set-up speed and accuracy. With the aid of this, an operator can skip bins where necessary, and double bypass for overstock, in addition to programming for multiple sets per cycle on small sheet jobs.

An automatic lowering stacker can be used together with a dual-head automatic stitcher which can be used separately or in tandem with the company's automatic folder to enable bookbinding in one continuous operation. Both stitcher and folder may be used off-line.

Operator has fingertip command over the collator's functions from a compact control panel.

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CLIPPER CLASS.

Pan Am's unique Clipper Class: that's the good news for all international travellers.



What is it? It's a special section created especially with the comfort of business travellers in mind. You see, we believe that business travellers deserve a lot of extra attention when they fly. And a lot of extra "extras" too.

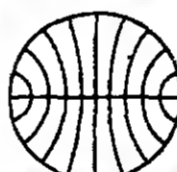
So, in Clipper Class, we give every passenger a great choice. A choice of main courses with every meal. A choice of drinks on the house. That's cocktails, champagne and wines. Then there's free headsets, slipper socks, and even a free seat next to you whenever possible.

And Pan Am also gives you extra care on the ground. With special check-in service and a First Class baggage allowance.

So the next time you're flying to America, talk to your Travel Agent about Clipper Class. Because when you travel on business, you could probably use our kind of good news.



We fly the world the way the world wants to fly.



PAN AM

NOTICE OF REDEMPTION

In the Holders of

Continental Oil International Finance Corporation

(now Cannon Inc.)

9 1/2% Guaranteed Debentures Due 1985

Issued under Indenture dated as of July 1, 1970, as supplemented

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the above-mentioned Indenture, \$83,000 principal amount of the above-described Debentures have been selected for redemption on July 1, 1980, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, each in the denomination of \$1,000 bearing serial numbers with the prefix letter "M" as follows:

Outstanding Debentures bearing serial numbers ending in any of the following two digits:

01 15 19 23 27 31 35 39 43 47 51 55 59 63 67 71 75 79 83 87 91 95 99

Also Debentures bearing the following serial numbers:

2778 4078 5875 8478 9178 12278 13978 15778 16578 18578 20478 22678 23678 24478 25278 26078 26878 27678 28478 29278 30078 30878 31678 32478 33278 34078 34878 35678 36478 37278 38078 38878 39678 40478 41278 42078 42878 43678 44478 45278 46078 46878 47678 48478 49278 50078 50878 51678 52478 53278 54078 54878 55678 56478 57278 58078 58878 59678 60478 61278 62078 62878 63678 64478 65278 66078 66878 67678 68478 69278 70078 70878 71678 72478 73278 74078 74878 75678 76478 77278 78078 78878 79678 80478 81278 82078 82878 83678 84478 85278 86078 86878 87678 88478 89278 90078 90878 91678 92478 93278 94078 94878 95678 96478 97278 98078 98878 99678 100078 100178 100278 100378 100478 100578 100678 100778 100878 100978 101078 101178 101278 101378 101478 101578 101678 101778 101878 101978 102078 102178 102278 102378 102478 102578 102678 102778 102878 102978 103078 103178 103278 103378 103478 103578 103678 103778 103878 103978 104078 104178 104278 104378 104478 104578 104678 104778 104878 104978 105078 105178 105278 105378 105478 105578 105678 105778 105878 105978 106078 106178 106278 106378 106478 106578 106678 106778 106878 106978 107078 107178 107278 107378 107478 107578 107678 107778 107878 107978 108078 108178 108278 108378 108478 108578 108678 108778 108878 108978 109078 109178 109278 109378 109478 109578 109678 109778 109878 109978 110078 110178 110278 110378 110478 110578 110678 110778 110878 110978 111078 111178 111278 111378 111478 111578 111678 111778 111878 111978 112078 112178 112278 112378 112478 112578 112678 112778 112878 112978 113078 113178 113278 113378 113478 113578 113678 113778 113878 113978 114078 114178 114278 114378 114478 114578 114678 114778 114878 114978 115078 115178 115278 115378 115478 115578 115678 115778 115878 115978 116078 116178 116278 116378 116478 116578 116678 116778 116878 116978 117078 117178 117278 117378 117478 117578 117678 117778 117878 117978 118078 118178 118278 118378 118478 118578 118678 118778 118878 118978 119078 119178 119278 119378 119478 119578 119678 119778 119878 119978 120078 120178 120278 120378 120478 120578 120678 120778 120878 120978 121078 121178 121278 121378 121478 121578 121678 121778 121878 121978 122078 122178 122278 122378 122478 122578 122678 122778 122878 122978 123078 123178 123278 123378 123478 123578 123678 123778 123878 123978 124078 124178 124278 124378 124478 124578 124678 124778 124878 124978 125078 125178 125278 125378 125478 125578 125678 125778 125878 125978 126078 126178 126278 126378 126478 126578 126678 126778 126878 126978 127078 127178 127278 127378 127478 127578 127678 127778 127878 127978 128078 128178 128278 128378 128478 128578 128678 128778 128878 128978 129078 129178 129278 129378 129478 129578 129678 129778 129878 129978 130078 130178 130278 130378 130478 130578 130678 130778 130878 130978 131078 131178 131278 131378 131478 131578 131678 131778 131878 131978 132078 132178

THE MARKETING SCENE

THE TOBACCO CONTROVERSY

A defence of cigarette advertising

AT A time when the subject of cigarette advertising is being vigorously debated by the tobacco industry and by the Government, who the arguments for and against a total ban on cigarette advertising have been widely discussed, when premature deaths said to have been caused by cigarette smoking are claimed to be around 50,000 per annum; when the Health Minister's Parliamentary Secretary is said to have remarked that "every cigarette means five minutes off your life expectancy"; and the Prime Minister himself is known to be anxious about smoking and health—at such a time it might be thought ill-advised for any advertising agency to be publicly associated with the launch of a new cigarette.

The arguments against cigarette advertising are well known and do not need repeating, but the main one, that advertising encourages people to smoke, deserves closer examination.

In the view of some, it has already been largely disproved by a recent study by an independent research company, Metra Consulting, in which it was established that, over a period of 20 years, no direct correlation could be found between the total volume of cigarette advertising and total cigarette consumption.

It has also been disproved by the example of Italy, where a total ban on cigarette advertising has been in existence since 1962, and where sales of cigarettes have since doubled. Further evidence of the same kind comes from Finland and Singapore, where cigarette consumption has increased despite the stoppage of cigarette advertising.

But does one really need evidence of this kind to be persuaded that cigarette advertising does not encourage people to smoke? I suggest that one has only to study the British Code of Advertising Practice relating to cigarette advertising and that one has only to look at cigarette advertisements in the media today, to be convinced that the argument is a specious one.

The code of practice specifies

At a time when the Government and tobacco industry are negotiating a new voluntary agreement on cigarette advertising. BAT has announced the launch of a major new brand, du Maurier King Size. Ronnie Kirkwood, chairman of the agency involved, explains why The Kirkwood Company felt able to undertake the launch.

ally forbids advertising that encourages people to start smoking or to smoke more; that glamorises smoking; that makes any kind of health claim; that depicts athletic sports or famous personalities, or that has special appeal to the young.

The cigarette advertising that we see today bears testimony to the rigorous discipline with which the code is administered, and those of us who are involved in the marketing of cigarettes know only too well how difficult it is to create advertising that is interesting and pleasing. Since cigarette advertisements have not been allowed to show people enjoying the act of smoking, or offering cigarettes to other

consist of a picture of the pack with perhaps a carefully chosen accessory in the background and an equally well chosen but bland and meaningless set of words referring to flavour and tobacco quality.

How can anyone other than a person of unyielding prejudice believe that advertising of this kind is capable of persuading people to start smoking or indeed to smoke more heavily?

People start to smoke for all kinds of reasons, but the most basic reason must surely be that it has always been an acceptable thing to do. Young people are influenced by the behaviour of their parents and elders, and of their own peer groups when they leave school and go to work.

Putting a stop to cigarette advertising would not alter this situation in any respect. A severe increase in the price of cigarettes would probably (as the Metra report indicated) have greater effect—but what Government is going to risk the wrath of an electorate of which 20m smokers form a very important part? The only politically acceptable way of persuading people not to smoke must be, as Sir George Young, Under-Secretary at the Department of Health, has said, "to create an environment in which non-smoking is the norm, and smoking is unusual."

That might be achieved by an increase of non-smoking zones leading to an eventual total ban on smoking in public places, but it is unlikely to be assisted by the absence of advertisements for cigarette brands, just as it is unlikely to be inhibited by their continued presence.

The arguments in favour of cigarette advertising are also well known, but are not articulated as frequently or as loudly as the contra-arguments.

The most fundamental argument, and the one that successive Governments have had most difficulty in coming to grips with, is that of freedom of choice. The argument is in two parts.

The first is that once people have received a Government warning that cigarettes can seriously damage health, they must nevertheless continue to enjoy the right to choose to smoke or not, just as they must enjoy the right to decide

for themselves whether or not to drink large amounts of alcohol, eat large amounts of confectionery and animal fats, drive too fast or neglect to fasten their safety belts, to lead a totally sedentary life or take infrequent but violent exercise—all of which are widely regarded as damaging to health.

The second part of the argument is that, so long as the manufacture and sale of cigarettes remains a legal practice, the public must have the right to choose between brands and therefore needs information on availability, price, tar levels, quality and so on in order to make its choice. From this flows the subsidiary argument that tobacco companies must have the right to advertise their products, provided they do so responsibly and with due regard for the advertising code of practice.

Attention has been drawn to the benefits to be gained from cigarette advertising in terms of its ability to direct smokers to filter and lower-tar brands, and evidence has been produced to show that, in countries where they may be freely advertised, filter and low-tar brands predominate, whereas in countries where advertising is not allowed they account for a minority of the markets. The beneficial effect of cigarette advertising in this context is most vividly demonstrated by West Germany where, over a 20-year period, tar and nicotine consumption was reduced by over 50 per cent.

There are, of course, other arguments sometimes put forward in defence of cigarette advertising—the fact that export earnings from British-made cigarettes are worth £300m annually, for example; that the sale of cigarettes in Britain contributes an annual £2.5bn to the Exchequer; and that 40,000 jobs are dependent on the continued viability of the tobacco industry, not to mention the livelihoods of goodness how many small shopkeepers. But these arguments seem shallow in the extreme in the face of the statistics produced by the Department of Health relating to premature deaths and preventable disease thought to have been brought about by cigarette smoking.

In the face of such statistics, there is only one argument in favour of cigarette advertising that bears serious examination, and that is the one that argues for freedom of choice.

But how much credence can be attached to the figures and the conclusions that have been drawn from them? It would appear that there is a statistical correlation between smoking and disease but, so far as I know, there is no firm evidence of a direct causal link. Nor, so far as I know, have the psychological advantages of smoking been subjected to the same degree of statistical analysis and weighed in the balance against the more physical

advantages of not smoking—perhaps these should?

To recapitulate, if I feel relaxed about my agency handling the launch of a new cigarette, it is because:

● I am absolutely convinced that cigarette advertising in the form in which we know it today is incapable of persuading a non-smoker to start smoking or a light smoker to become a heavy smoker.

● I believe that cigarette advertising can be beneficial in directing the smoker's attention to lower tar brands.

● I believe that cigarette smoking can deliver important psychological benefits which should be weighed in the balance against a statistical risk to physical health, in which connection, the Government's recently announced new national survey of attitudes towards smoking is to be warmly welcomed.

● I am committed to the principle of freedom of choice and believe that, having been warned of the possible consequences, people should be allowed to decide for themselves whether or not to smoke, and should be offered a wide range of competing brands from which to choose.

The honourable intention of the Commission is to give the European Community a human face, but its main consequence is to give the Community a bad name. There is a need today to rethink the purposes and limits of harmonisation in the consumer field.

McDonalds picks Masius, plans 100 stores by '82

McDONALD'S colonisation of UK eating habits is gathering pace. The U.S. fast-service chain already operates 40 outlets—39 of which are in the London television area. It opened its first, in Woolwich, in October, 1974, plans 55 by the end of 1980, 100 in approximately two years' time, and "several hundred" eventually.

This week it hired itself a new advertising agency, D'Arcy-MacManus and Masius, for whom the gain represents a coup. McDonalds is likely

to spend £1.5m on advertising this year, but the budget will swell as the market expands and as rivals like Wimpy, Kentucky Fried Chicken, Wendy Hamburgers, Huckleberrys, Trumps and Burger Queen pitch in.

In the U.S., 40 per cent of money spent on food is spent on restaurants or take-away; in the UK, the equivalent figure is an estimated 12 per cent, but growing.

Later this year, McDonalds will expand into the Midlands.

The account gain is an important one for Masius, which a year ago pitched for, but lost, the Kentucky Fried Chicken business. It won McDonalds, says the client, because of its broad retail and packaged goods experience, and the calibre of the account team.

Says Masius: "The market will grow enormously. Fast-service food chains will do for the advertising business what the retail sector did 12 years ago." The account was formerly with Colman's.

EEC Commission 'dissipating its energies'—Lord Thomson

LORD THOMSON of Monifieth hit a row of nails firmly on the head in the Advertising Standards Authority's annual report, published this week. Now at the end of a three-year stint as ASA chairman—he is chairman-designate of the Independent Broadcasting Authority—Lord Thomson was one of Britain's first EEC Commissioners, and it was the Commission and its draft directive on advertising controls that drew his fire this week.

Over-zealous

He said the Commission was being over-zealous, and that it was folly to try to run people's daily lives from Brussels. The directive was a threat to the British system of statutory advertising control and self-regulation, and raised the wider issue "of whether national systems of consumer protection should be harmonised into a neat and tidy Community system."

Lord Thomson said the EEC ought not to be dissipating its energies by trying to ensure that advertisements from Greenland to Sicily conformed to the same framework of control.

"The honourable intention of the Commission is to give the European Community a human face, but its main consequence is to give the Community a bad name. There is a need today to rethink the purposes and limits of harmonisation in the consumer field."

Generally, he said, it would be wiser for the Commission to

stick to the precept of harmonisation of objectives, but flexibility over means.

Lord Thomson agreed that it was right for the Commission to seek consent on a common aim of preventing misleading and unfair advertising.

"It could have had agreement a long time ago, saving everybody a great deal of time, trouble and expense, if it had been content to leave the means of achieving this goal to national administrations."

"Instead of struggling for years in the impossible task of fitting idiosyncratic national habits into a Community strait-jacket, the European Commission should encourage each country to adapt and adapt the best ideas of their neighbours by a vigorous Community campaign of comparative consumer information."

"The European Commission is ideally placed to be an information broker in fields too remote from the grand economic and political strategy of the Community to require the treatment of directives or regulation," he said.

Pigeon-holed

The draft advertising directive on advertising was a typical example of hundreds of proposals either "gathering dust in the pigeon-holes of the Council of Ministers or stuck in endless working parties."

While the EEC tried to sort out the proposed directive, the

ASA could continue to make progress with its own contribution to British advertising standards, "reassured by Consumer Affairs Minister Mrs. Sally Oppenheim that Britain is not ready to agree to any directive that would undermine the role of the self-regulatory elements of the British system."

As far as the ASA was concerned, 1980 marked the beginning of a new chapter, the aim being to develop the more positive sides of the ASA's work while maintaining the complaints machinery.

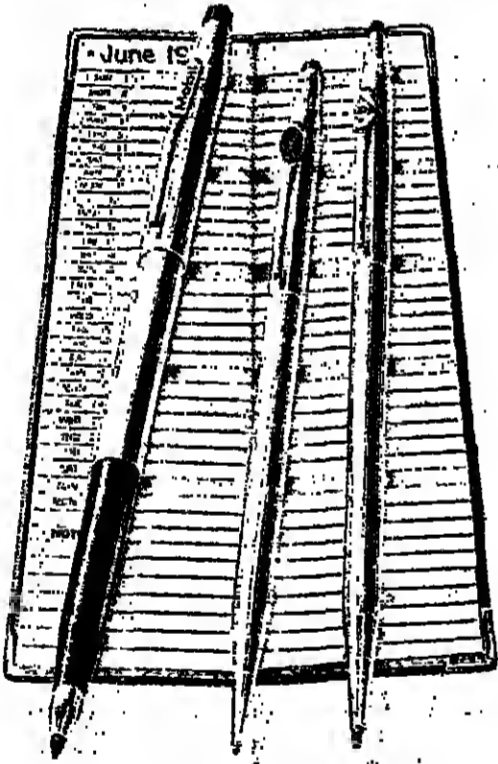
"The ASA has accordingly been developing steadily its monitoring service under which it examines sensitive areas of advertising—such as children or alcohol—to test whether they are conforming to the code."

Poor taste

Poor taste and offensiveness accounted for 14 per cent of complaints the ASA received last year, and nearly half of those concerned sexism, it says in its report.

Most of the 3,367 complaints were about holidays, travel, cars and car accessories; 64.5 per cent of the 988 investigated were upheld wholly or in part. But the ASA says that over the last three years, the number of complaints received, and that needed to be investigated, had fallen year by year.

It credits this to greater awareness of the Code of Advertising Practice.



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JOBS COLUMN, APPOINTMENTS

Progressive mania of prejudiced recruiting

BY MICHAEL DIXON

THE CUTTING from the FT is now a paler shade of pink. I kept it because I had just been appointed by another paper to write about the human side of management which was then seething over two main issues.

One was the loss to the United Kingdom of young, expensively educated scientists and technologists through the "brain drain," mostly to the United States.

The other was something which many commentators argued to be a more serious drain of the UK's economically productive ability. It was the practice, which had suddenly come into public view in train of an outbreak of big-company mergers, of throwing out of work large numbers of experienced managers of 45 years old and more. In discussing this topic, the cutting — of an article by a consultant called Hugo de Chassiron — makes a striking point.

"... age alone is the poorest guide to ability, personality, character, professional knowledge, or even health. I have met burned out men of 37, and energetic youngsters of over 50."

That statement immediately rang true in my experience even though, as I cut out the article, I was a mere 36 years of age. The date was August 9 1987.

Today, some things have

changed. Hugo de Chassiron is dead, although the consultancy he founded, Charles Martin Associates, lives on. The brain drain has for long been virtually stopped, and recruiters in the UK face little external competition for young British scientists and engineers. Yet it is still said even from the pinnacles of punditry that our employers fail to use and value such people adequately, which to my mind is partly because despite their high-level education, those people generally lack the skills really needed and valued by profit-dependent industry and commerce.

Be that as it may, however, one thing certainly has not changed. The scrapping by employers of managers and specialists aged 45 and older continues apace, and must now be at least as extensive as ever before, if this column's correspondence is a reliable guide.

Most of the dignified, but anxious self-descriptions arriving endorse not only Hugo de Chassiron's point about age, but also comments I have heard from several "executive counselors" that redundancy among managerial types cannot objectively be associated with incompetence. Indeed, had I been told as a clerk of one sort or another during the 1950s that my bosses had career records like some of those reaching me, my response would have been the Duke of Wellington's: "I don't know what effect these

men will have on the enemy but, by God, they terrify me!" Nobody could write a column like this for 7½ years and remain terrified of top managers, of course. But the career records generally still impress me, and sometimes when I am talking to a headhunter about a job offer which seems suitable, I say that I have heard from a person who could well fill the bill. What happens next is almost always the same.

"Redundant?" asks the headhunter, then: "How old?" "45." "Well, it's a pity, but by client has to come first, and he wouldn't exactly give me a medal if I put forward candidates who were unemployed, especially at that age."

Senseless

Now, let's be clear what I am railing against. It is not organisations which shed older managers and specialists. There can be valid reasons for doing so. Nor would I denounce headhunters for forwarding the firmly expressed wishes of their clients provided that these are lawful.

My complaint is purely against would-be employers who refuse even to consider as candidates people who, however well qualified, are either above a certain age or currently unemployed, or both. There can surely be no valid reasons for that. I doubt that even those who hold the attitude would be chuckle-headed enough to argue

that anything can be sensibly inferred from the fact that someone is unemployed, without further inquiry into the reasons for the unemployment.

Where age is concerned, the fact that an older person has less time left to devote to the organisation, is cancelled by the fact that a younger person is far more likely to be up and off to work for someone else. The argument that older people are bound to have run out of productive steam can be answered by example. Sir Henry Royce did not start designing engines until he was 55, and designed those which won the land and sea records between the ages of 65 and 70. Cromwell was 55 when he headed the Parliamentary revolution. Lord Roberts was 70 when he took command in South Africa. Adenauer led West Germany at 86. There are plenty of other instances.

True, some employers make such stipulations in order to squeeze themselves into organisational constraints such as career-progression plans, dreamed up by the imaginary branch of computerised astrology called manpower planning. No doubt a bit of manpower planning can help if taken lightly and with a pinch of salt. But any recruiter who has swallowed it to the extent of preferring narrow conformity with little clusters of age, educational and other "parameters" inked on charts by personnel boffins, to the wider

choice of engaging real people with proven ability, is plainly addicted to a point where he or she can no longer be regarded as sane.

Indeed, the addiction can easily advance into an incurable pathology whose victims become obsessed with inventing improved designs of organisation, and then also inventing the improved people needed to staff them. Fortunately, since the symptoms are clear and the victims so far few, we have been able to identify them quickly and lock them up in universities. But if addition to manpower planning were allowed to become general, then the whole lot of us could soon be really up the imaginary organisational tree, and without our climbing irons to boot.

There is, however, a danger that threatens us more pressingly unless employers freely rid themselves of the purblind prejudices against older, and unemployed applicants for jobs. This danger is from another kind of progressive mania which seeks to suppress prejudices by legislation. It is progressive simply because the features which can be used to differentiate one human being from another, are virtually countless. Statutorily reducing discrimination by some of these features, inevitably has the effect of increasing discrimination by others which thus become seen as equally suitable cases for the legal treatment.

So far the UK has confined the spread to the features of race and of sex. But make no mistake: if employers cannot soon achieve rational recruitment by an act of will, there is bound to be a recrudescence. Age-discrimination is already legally banned in the United States, Canada, Finland, France, Israel and Mexico. Others apparently following suit include Australia, Norway, Sweden, West Germany, and the Netherlands which is considering outlawing discrimination against unemployed people as well.

There are but two choices. One is for employers to cleanse themselves of the daftness of depriving their organisations of first-rate recruits by inappropriately discriminating on grounds of age, joblessness or any other politically visible feature. Otherwise the daftness will continue in another guise, possibly for ever.

Each anti-discrimination law breeds a budget of bureaucrats to administer and police it, and a potential bankruptcy of lawyers to bicker about it. Such prejudices on the part of employers therefore imply a considerable longer-term cost, not just to themselves, but to the rest of us innocent taxpayers. In short, a recruiter who continues to discriminate inappropriately against anyone, is an enemy of everyone.

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Finance Manager

Burmah-Castrol Agencies Swindon

Burmah-Castrol produces high-quality lubricants and petroleum products which are marketed worldwide. The Agencies Division is responsible for the marketing of a wide range of automotive and industrial lubricants through authorised agents.

Reporting to the General Manager, he or she will provide comprehensive financial management and control for all sections of the Division. Responsibilities include:

- * Monitoring and analysing the financial performance of the Division.
- * Producing financial forecasts for budgeting and strategic planning purposes.
- * Monitoring credit terms and pricing adjustments.
- * Making recommendations for profit improvement.
- * Assessing investment opportunities.

A graduate aged 28 to 40, you must be a qualified accountant with several years' post-qualification experience in a commercial, profit-conscious environment, preferably involving international and

export business. Human relation skills should include the ability to handle people with diplomacy and tact and to be sufficiently flexible and practical to be able to deal with new proposals and problems. Ideally, you should have experience in managing business commitments in third world countries and speak a foreign language, preferably Spanish.

There are excellent career opportunities within the Burmah Group and, in particular, success in this position could lead to additional commercial responsibilities in the Agencies Division within two years.

Salary is negotiable and the usual large-company benefits apply including non-contributory pension, BUPA benefit and relocation assistance where appropriate.

Please send a full CV or ring or write for an application form to D. G. Freeson, Burmah-Castrol Company, Burmah House, Pipers Way, Swindon, Wiltshire SN3 1RE. Telephone: 0793 47400



Treasury Assistant

British Home Stores have over 100 stores throughout the UK and are enjoying a steady record of expansion and profitable growth. We now have a vacancy at our Head Office in London for an Assistant to the Group Treasurer.

The job will include cash forecasting, liquidity and short term debt management and foreign exchange activities.

Applicants aged between 25 and 35 must have practical experience gained in either a corporate treasury function or banking. The ability to communicate effectively at all levels is important. City contacts are desirable and a knowledge of sterling and FX markets is essential.

This position offers considerable opportunity to develop financial management skills. An attractive salary will be supported by a first class range of benefits including free meals, 20% staff discount, share participation scheme after qualifying period and free life assurance.

Please write with details in the Personnel Controller (H.O.), British Home Stores Limited, 129 137, Marylebone Road, London NW1 5QD.

BHS

BRITISH HOME STORES

Young Accountant

c £8,000 Central London

A small, but highly profitable chemical manufacturing U.K. subsidiary of a well established £30 million turnover international group, is seeking a Company Accountant.

Some experience of computerised manufacturing accounting systems, and management accounting is desirable together with a broadly based financial background. A second language would be useful.

Above all, he or she will be a practical, lively, qualified or partly qualified accountant wishing to make a positive commercial contribution to a small but successful management team.

Write or call Mike Hann to arrange an early meeting, quoting reference 1137.



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One Old Bond Street,
London W1X 3TD.
01-499 8811.
THE ADVERTISED APPOINTMENTS
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Profit Personnel Counselling Ltd
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For
LONDON OR GENEVA

One of the largest international merchants in physical and future commodity trading seeks a mature

OIL SEED TRADER

to operate on the London and New York Commodity Exchanges buying from the origin and selling to industrial consumers and manufacturers of end products as well as trading and clearing futures on behalf of institutional clients.

Your individual success has, so far, always depended on personal contact, personal experience of the respective markets and suppliers, on loyalty and reliability - traditional virtues in a traditional industry.

You (and your clients) will benefit from efficient communication facilities and from extensive worldwide operational bases. You will have the opportunity to develop a service, the success of which will be measured by growth and rewarded by promotion to executive level. Your efforts will be backed by the reputation of this important group, whose reports are considered standard reference works on commodities.

Please write in full confidence to: Serge G. AMADUCCI, Advisor to the Group.

PROFIL S.A. 7, rue du Mont-Blanc 1201 GENEVA/SWITZERLAND

INTERNATIONAL BANKING

EURO. LOANS SYNDICATION c. £9,000
U.S. merchant bank extends first-class career to young banker (preferably a graduate) who has already acquired sound experience in an active syndications environment.

OPERATIONS CONTROL c. £8,500
Challenging opportunity with a growing international bank for a well-experienced young banker, 24/26, to contribute to the development of its reporting/control systems.

MANAGEMENT ACCOUNTING/REPORTING c. £6,500
Highly-rated City bank offers excellent prospects to someone with the skills and the flexibility to enjoy an unusually wide range of "standard" and ad hoc activities.

FOREIGN EXCHANGE £4,500-£6,000
A number of our more active clients urgently seek young people with at least a sound introduction to F/X, together with evident potential to progress.

Please telephone Ann Costello or John Chiverton A.L.B.

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CHIVERTON
ASSOCIATES LTD.

31, SOUTHAMPTON ROW,
LONDON, W.C.1
01-242 5841

Orion Insurance

REQUIRES:
SECRETARIAL APPOINTMENT

A vacancy exists for a secretary to our Investment Manager. The ideal applicant will have good shorthand and typing experience together with an aptitude for general administrative duties. The ability to assist with the functions of the investment department will be a definite asset. A good commencing salary together with first class benefits and conditions makes this appointment particularly attractive.

Please apply to:

Mrs. L. E. Allan, The Orion Insurance Co. Ltd.,
70/72 King William Street, London, EC4M 7BT
Tel: 1011 626 4567

Our policy is people

Economist Energy Research

An influential role with Ford of Europe
from £10,000+ car

Ford seek a professional economist with experience in the energy sector to join our Economic Studies Department. Located at our Central Office in Brentwood, Essex, the successful applicant will join a small but influential team whose role is to analyse political, economic and vehicle market trends affecting Ford activities throughout Europe.

It will be your responsibility to analyse short and longer term developments in the energy sector and to evaluate their impact on the Company's business. It is a challenging role requiring the ability to adapt to a fast moving, highly competitive international business and to operate efficiently under pressure. Good communications with both fellow economists and with Ford management will be vital.

Our need is for a successful man or woman, probably in their late 20's, with a good economics degree and at least two years' experience in analysing energy issues. This experience could have been gained either in the energy supply industry or in a private or Government research function. Knowledge of a second European language would be an advantage.

Prospects for advancement are significant. We offer an initial salary negotiable from £10,000 plus car and the big Ford benefits package which includes relocation assistance where appropriate.

Please write, with sufficient details to make an application form unnecessary, to Jim Unsworth, Room 1/578B, Ford Motor Company Limited, Eagle Way, Warley, Brentwood, Essex. Telephone: Brentwood (0277) 253000 ext. 2148.



Jonathan Wren - Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

BOND SALES London

Our client offers trading and market advisory services in the secondary market for international securities. Due to continuing expansion of business an opening has arisen for an experienced and aggressive Bond Sales Executive who will maintain and develop relationships with investing clients, including the provision of advice on developments in the Eurobond markets. This opportunity will attract candidates who have from two to five years' experience in the bond market in a sales or advisory capacity; preferred age is 25-30 years, although more mature candidates will also be considered.

Please telephone KEN ANDERSON

FOREIGN EXCHANGE DEALERS

We are urgently seeking Foreign Exchange Dealers with a minimum of 2 years experience for a number of European and International banks. Broad knowledge of deposits, exchanges and arbitrage in most major currencies is required. In some cases, the ability to deal in a second European language will be a distinct advantage.

Please telephone MICHAEL ROSE

ASSISTANT TO OPERATIONS MANAGER

This international bank affords the opportunity to move into a highly rewarding area of banking. The person must have an in-depth experience of three to four main banking areas, such as Forex, Accounts, Documentary Credits and Cash Department; all normal fringe benefits apply.

Please telephone BRIAN GOOCH

First floor - entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

MANAGER FINANCIAL DEVELOPMENT

South Coast c £10,000 + benefits

Our client is a well established financial group whose impressive growth record has been achieved by successfully marketing its services worldwide. They seek an ambitious Manager to take responsibility for the co-ordination of all financial aspects of business development within the International Division. The position will involve some overseas travel, mainly to Europe, and constant liaison with financial and non-financial managers at senior level.

Candidates, aged 26-36, must be qualified accountants and have preferably gained management and project accounting experience with an international group.

Proven success will lead to promotion within c. 2 years and the company offers generous benefits including mortgage subsidy, N.C.P., life and medical insurance and full relocation expenses where applicable.

Interested applicants should send a comprehensive resume of career to date, current salary, home and office telephone numbers quoting ref. 801 to:-

Michael Page Partnership

18/19 Sandland St., Bedford Row, London WC1
01-242 0965/8



ARTOC S.A.K. Middle East Appointment

A prominent and well-established Kuwaiti investment and trading company which is entering a period of dynamic international expansion is seeking a

General Manager

for its Head Office in Kuwait.

The successful applicant will be aged between 35-50 years, educated to University standard, and have a proven record of successful business management in banking or commerce in the Middle East. The preferred applicant will be of Arab origin but this does not exclude other nationals who speak fluently both Arabic and English.

An excellent tax-free remuneration is offered and accommodation plus other benefits will be provided including a significant incentive bonus.

Please reply in writing in strict confidence to:

The Managing Director
Arab European International Trading Co. (S.A.K.)
c/o KH Recruitment Ltd.
37 Fleet Lane, London, E.C.4.

Minerals Supply and Cost Analyst

City-based
around £10,000

Consolidated Gold Fields Limited, parent company of the Gold Fields Group of mining, finance, industrial and commercial companies, has a vacancy in the Mining Division at its head office in the City for a Minerals Supply and Cost Analyst, to join a team of specialists conducting research, analysis and forecasts in respect of minerals of interest to the Group.

An integral part of the work is the study of the cost of mining, processing or geology, several years operating experience in the mining industry and experience of project appraisal work. The job calls for personal initiative and an ability to work independently. Overseas travel will be involved and knowledge of one or more foreign languages would be an advantage.

Applicants should have a degree in mining engineering, mineral processing or geology, several years operating experience in the mining industry and experience of project appraisal work. The job calls for personal initiative and an ability to work independently. Overseas travel will be involved and knowledge of one or more foreign languages would be an advantage.

Salary will depend on experience but is likely to be in the region of £10,000 per annum. Fringe benefits include a non-contributory pension scheme and 23 days annual holidays.

Please write to the Personnel Manager, Consolidated Gold Fields Limited, 49 Moorgate, London EC2R 6BQ.

Gold Fields

International Diverse Resourceful

Accountant for the Pilotage Commission

The Pilotage Commission is an independent body recently appointed under the Merchant Shipping Act, 1979 to advise Government Ministers and the pilotage interests on all aspects of marine pilotage in the UK.

The Commission wishes to appoint an Accountant who will, with minimal assistance, set up and administer the Commission's accounting arrangements.

The post, based in Central London, will attract a salary of £10,000 which will be subject to review from 1st September and appropriate pension arrangements will be provided.

Applications should be marked "Accountant" and sent to Mr. J. P. Callen, Chief Executive, The Pilotage Commission, C/o Sunley House, 90 High Holborn, London WC1V 6LP, within seven days of the appearance of this advertisement.

Treasury Expert European Operations

J. I. Case, an American based multi-national organisation, is one of the world's largest manufacturers of construction, earth-moving and agricultural equipment. Increasing activity within our European operating companies has established the need for a professional cash/treasury expert.

The main objective will be to effectively control sources and usage of funds to finance our European operations, ensuring maximum availability at optimum cost and risk in liaison with our parent company, Teresco, located in London. You would also manage foreign exchange transactions and exposure with a view to increasing the benefits gained by our subsidiaries from foreign currency operations. Responsibility will therefore involve the close monitoring of cash/treasury activities in all European subsidiaries, the forecasting of future cash/credit needs and the implementation of European cash management and netting systems, to facilitate inter-company settlements.

Professional treasury, banking and wide business experience is required from a man or woman who has the acumen to handle business transactions and financing in an international market. Though based at our European Headquarters at Weybridge, Surrey, the job will necessitate some European travel. A knowledge of languages would therefore be an advantage and someone whose first language is either Dutch or German would be especially welcome.

A salary commensurate with the experience and responsibility attaching to this senior position will be negotiated along with a generous benefits package which includes relocation expenses (where appropriate).

For further details please write giving full personal and career particulars to Mrs. M. C. Husby, Manager, Employee Relations, J. I. Case (Europe) Inc., Case House, 45/47 Monument Hill, Weybridge, Surrey, KT13 8PL.



STOCKBROKERS

Frustrated? Is there too much bureaucracy where you work?

Would you rather work in a smaller operation in an overseas market where the underlying competition is not overwhelming but the rewards for talent and hard work are excellent?

We are the European arm of a highly successful and very profitable North American company which is planning to expand significantly here in London.

If you think you would like to be part of such expansion at a very early stage, please write giving your ideas, background and experience. Age is immaterial—enthusiasm essential. We are going up.

Write Box A.7171, Financial Times
10 Cannon Street, EC4P 4BY

BRILLIANT STAFF POSITION

in medium small company near Brussels

Requirements:

- Age 40 maximum
- Commercial training and experience (negotiations and management of contracts overseas)
- Very good technical aptitude (electrical, mechanical), Engineering diploma welcomed but not required.
- Perfect knowledge of English; Spanish, French
- Appreciate travel and international relations

Earnings after probation about BF 2,000,000 plus incentives depending on results.

Please send your curriculum vitae with recent photograph to Compagnie Bruxelles Lambert, Attention: Mr. Eric de Cooman, 24 Ave. Marnix, 1050 Brussels—Belgium, in full confidence.

Sterling Instructions Clerk

We are seeking to recruit a young person aged 22-25 years to work with our Sterling Money Dealer. The successful candidate should have about four years' relevant banking experience and it is likely that the person selected will progress to a junior dealing position after completion of a satisfactory period in the back-up area.

Salary and fringe benefits are fully competitive. Apply in writing to the Secretary

JOHNSON MATTHEY BANKERS LTD.
Member of the London Gold Market,
5 LLOYDS AVENUE, LONDON EC3N 3DB 01-481 3181

Funds Management Controller

Bahrain

Gulf Air, the prestigious national airline of the Gulf States, have a highly rewarding opening for a Funds Management Controller in the unique environment of Bahrain.

The successful applicant will manage the cash resources of the airline, ensuring that all authorised funds are available as required. This will entail varied duties including the preparation of periodical cash flow statements, negotiations with banks and other financial institutions, and keeping fully comprehensive records.

You should be a qualified Accountant with ACA,

Tax Free Salary

ACCA or AICMA and will preferably have some banking experience.

We can offer you an excellent tax-free salary, free furnished accommodation, passage-paid UK leave and all the other generous overseas benefits to be expected of a successful international airline.

To join us in Bahrain, write giving full career and personal details and quoting reference 2 FMC to the Personnel Officer, Gulf Air, Room 255, Excelsior Hotel, Bath Road, West Drayton, Middlesex.



INVESTMENT BANK ECONOMIST

American Express Bank is seeking an Economist to join its Economics Department, headquartered in London.

The Economics Department provides international financial advisory services, money market forecasts, country risk analysis and publishes "The Amex Bank Review."

Suitable applicants should be able to assume specific responsibilities within the Investment Bank. He or she should be prepared to travel overseas, particularly to developing countries.

Applicants should have a good degree in economics, preferably with post-graduate experience. Econometric skills and a second language would be advantageous.

A competitive salary will be offered together with the usual Bank fringe benefits.

Please apply in writing, stating full particulars, to:-

Richard O'Brien
Senior Economist
Amex Bank Limited
120 Moorgate
London EC2P 2JY



American Express Bank
International Group

INSURANCE VACANCIES

1. NON-MARINE R/I TECHNICIAN MANAGER/ESS to £9,000
2. SUPT. NORTH AMERICAN CLAIMS to £9,000
3. ASST. CLAIMS MANAGER/ESS to £7,500
4. NON-MARINE CLAIMS BROKERS to £7,000
5. TREATY ACCOUNTS CLERKS to £6,000
6. MARINE X/L CLOSING TECHNICIAN to £6,000
7. MOTOR CLERK to £5,000

For details on all the above vacancies please contact:
EILEEN SHEEHAN on 01-623 0101
CAMBRIDGE APPOINTMENTS
RECRUITMENT AGENCY

FOREIGN EXCHANGE

C.£5,500

Leading American Bank requires experienced personnel for their rapidly expanding back-up area. 2 years experience. Age 20-25. Minimum 5 "O" levels.

Write:

Box A.7166
Financial Times
10 Cannon Street,
EC4P 4BY.

Accountant Pharmaceutical Marketing

As a result of a major re-organisation of our Marketing function, designed to meet the needs of the 80's, we have an opportunity for an Accountant to fill a key post in the pharmaceutical sales and marketing group.

Candidates should have at least three years' post qualification experience in industry or commerce, preferably with a marketing based company and have the energy and enthusiasm necessary for an innovative role.

Within the UK, the Group has its own sales force and marketing team but operates overseas through subsidiary companies, distributors and agents. The Accountant will be closely associated with UK budgets and with forecasts and new product projections on a worldwide basis. Financial information and advice will be provided as an input to marketing policies and the Accountant will work closely with senior management. Career development and growth prospects are excellent.

Remuneration is designed to attract high calibre candidates and benefits include a profit sharing scheme. The appointment is based in Nottingham and substantial help with relocation is available if necessary.

Please write with brief details to J. L. Myncey, Recruitment & Development Manager,

The Boots Company Limited,

Head Office, Nottingham NG2 3AA.

International Investment Administration

As a result of the continuing expansion of our International Investment Management Operations we have identified the need for an individual to provide direct support to our marketing staff. The job will involve responsibility for ensuring the smooth and efficient operation of accounts and liaison between various departments of the Bank on both administration and marketing. In addition, the successful candidate should have sufficient maturity and enough experience of the international investment business to be able to deal directly with clients, relate to their needs and play a part in the marketing effort.

In addition to a competitive salary, fringe benefits include mortgage and personal loans at reduced rates of interest, non-contributory pension scheme and subsidised restaurant. Please send detailed c.v. or telephone for an application form to:

Stephen Bourne, Personnel Manager, Continental Illinois Corporation, Continental Bank House, 162 Queen Victoria Street, London, EC4A. Tel: 01-336 7444.



CONTINENTAL BANK
Continental Illinois National Bank & Trust Co. of Chicago.

AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION

We are seeking to appoint

AN ACCOUNT OFFICER—MANCHESTER REPRESENTATIVE OFFICE

to assist in the expansion of our Marketing Programme. The successful applicant, male/female, will be responsible for promoting a comprehensive range of financial and banking services to Commerce, Industry and other Banks.

Applicants will ideally be in their late 20s or early 30s and have had at least six to eight years' banking experience, preferably in both the domestic and international fields, to include Documentary Credits, Foreign Exchange, Lending and Marketing.

This opening offers excellent opportunities for advancement within a growing worldwide organisation. Salary will be commensurate with experience to which will be added excellent fringe benefits.

Please apply in writing, giving details of career to date, to:

Mr. E. J. Ralphs, Manager—Personnel,
American Express International Banking
Corporation,
120 Moorgate, London EC2P 2JY.



Money Market/FX Dealer

We are a medium-sized international bank with a large and active branch in London which co-ordinates with our dealing desks in other financial centres including New York.

We are looking for a money market dealer who will manage the branch's sterling and foreign currency liabilities and will work in close liaison with the foreign exchange dealers, substituting for them during holidays and other absences.

The successful candidate will probably be about 30 years old and would already have a senior trading position in a large commercial or merchant bank.

He or she will have been experiencing regular promotion and will now be looking for a job which could lead to an outstanding career.

An essential characteristic is the ability to integrate well with other members of the dealing room, within an organisation which specialises in offering a high-quality service to existing and potential customers.

Not less than £12,000 plus normal banking benefits.

Write in confidence to:

Mr. Mike Pope

Q.S. BANKING RECRUITMENT CONSULTANTS
30/31 Queen Street, E.C.4

ITALY

A well-known Italian trading company, planning to further expand the activity of its

NON-FERROUS METALS DEPARTMENT

is seeking

PHYSICAL METAL TRADER

Experienced in buying and selling in the international markets. The person required should be fluent in English and Italian. To suitable, qualified candidates we offer good remuneration, pleasant working conditions and excellent prospects for career development.

Please send detailed c.v. and photograph in strictest confidence to Box A7164
Financial Times, 10 Cannon Street, EC4P 4BY

ADVERTISING SALESPERSON

Knowledge of financial and business publications preferable. Must be fluent in Italian, French or German and English and willing to travel extensively. Initiative and desire to succeed imperative. Applicants must be UK citizen or citizen of EEC country. Salary open plus bonus. Interviews will commence 4th June. Appointments should be arranged at once.

Dorinda C. Coleman
INSTITUTIONAL RECRUITER
(EUROPE) INC.
Sardinia House
52 Lincoln's Inn Fields
London, WC2E 3JF. Tel: 01-404 5222

Consolidation Accountant

Group Finance London W1.

Trusthouse Forte is the largest hotel, catering and leisure group in the world. The Group's international success has recently been recognised by the Queen's Award for export achievement.

Internal promotion at our Head Office has created a vacancy for a young, recently qualified Accountant. Using a sophisticated computerised system the person appointed will be one of a small team responsible for the collation and consolidation of monthly, quarterly and annual accounts covering over 200 UK and overseas trading companies.

The position represents an ideal opportunity to widen your professional experience and has excellent career prospects. An attractive benefits package will be part and parcel of the appointment.

Please write with details of qualifications, experience, age and current salary to: Colin Forbes, Group Personnel Manager, Trusthouse Forte Limited, 7 Hanover Square, W1R 0PS.



**TRUSTHOUSE FORTE
GROUP**

Investment Management

Our client, a major Life Assurance Company with a wide range of Funds under direct management, seeks additional key personnel to join their London based Investment Services.

Portfolio Manager

up to £14,000 plus benefits

The successful candidate will probably be a graduate, aged 25-35, with a sound track record in U.K. Equity research and/or management plus an interest in international markets. The position will involve taking over responsibility for the management of a small group of varied portfolios.

Investment Analyst

up to £12,000 plus benefits

The successful candidate will probably be a graduate with 3 or 4 years general or specialist U.K. Equity research experience plus an interest in international markets. The prime responsibility of the position is decision making on stock and sector recommendations.

These positions should appeal to individuals who wish to broaden their experience and gain greater scope for advancement. Long-term prospects and benefits are excellent.

For an initial talk about the company and the opportunities please contact Anthony Innes or F.J. Stephens who will treat all enquiries in the strictest confidence.

Stephens Associates

International Recruitment Consultants
35 Dover Street, London W1X 3RA. 01-493 0617

SUN LIFE ASSURANCE COMPANY OF CANADA INVESTMENT ASSISTANT

—FIXED INTEREST SECURITIES—

This is an opportunity to begin a career in investment management with an international life insurance company whose U.K. assets, managed in London, exceed £300 million. We are seeking a recent honours graduate, or one with some business experience, to join a small team within the Investment Department which is concerned with the analysis of economic and financial trends and the management of fixed interest portfolios. The Department is small in number and it is expected that a new member would soon take part in decision making as well as analysis.

We are looking for a young person with a lively interest in current affairs and a degree in a numerate discipline. We would, for example, be pleased to consider a recent graduate in Economics or Commerce, but someone currently employed as an Actuarial Trainee could prove equally suitable. Career development depends very much on how the successful applicant meets the varied challenges encountered in investment work.

A competitive starting salary is offered with excellent fringe benefits including free lunches, a staff mortgage scheme and a non-contributory pension scheme.

If you are interested, please apply, giving brief career details, to:

Miss S. Ives
Personnel Department
SUN LIFE ASSURANCE CO. OF CANADA
2-4 Cockspur Street
London SW1Y 5BH

SunLife of Canada

CREDIT ANALYSTS

International bank requires a credit analyst with a minimum of three years' experience in a similar role. The successful candidate will be well-versed in loan documentation, credit committee presentations and involvement with new business and will be either a graduate or A.I.B.

Age: 24/30 Salary: £9,000/£10,000 p.a.
A small North American bank is seeking a credit analyst, ideally mid-20s and with analysis experience gained within an American bank. Salary: £7,500

European bank based in the City requires an analyst, preferably with A.I.B., together with experience of loan administration. Age: 25/30 Salary: £8,000

These positions are open to both male and female applicants.

BSB Banking Appointments

2525 Street, London EC4A 3AX. Telephone 01-623 7517 & 01-623 9161
Recruitment Consultants

Institutional Salesmen

Wood, Mackenzie & Co's international oil and pharmaceutical marketing team in London has vacancies for both a senior and a junior salesman. The senior appointment will probably be for someone in his/her mid 30s, whilst the junior salesman is likely to be a few years younger.

Experience of stockbroking and the oil or pharmaceutical industry would be an advantage but not essential.

Salaries are negotiable and fully competitive. The total remuneration includes a profit sharing bonus. The firm operates a contributory pension scheme.

For further details please contact Robert Norbury at:

Wood, Mackenzie & Co, 62/63 Threadneedle Street,
London EC2R 8HP. Tel: 01-600 3600.



WOOD, MACKENZIE & CO.
MEMBERS OF THE STOCK EXCHANGE

TRUST OFFICERS BERMUDA

A major financial institution in Bermuda provides a broad range of local and international money management and trust services to individuals, partnerships and corporations.

An opportunity now exists for several Trust Officers to augment the existing staff. Responsibilities will range over small local trusts to large international investment portfolios with worldwide contacts and directorships with client companies.

Applications are invited from those with Trust experience or a relevant legal/accounting background for the administration of client accounts.

Maturity and well developed interpersonal skills are required to facilitate liaison with investment officers and clients.

An excellent tax-free salary complements the attractive environment.

Please send a comprehensive career résumé, including salary history, quoting ref. 1051/FT, to M. D. C. Campbell

Touche Ross & Co. Management Consultants

Hill House, 1 Little New Street, London EC4A 3TR.
ext. 3011 or 3185

Marketing Manager

EDP and Telecommunications
£20,000+ with car etc.

- Our client, a world leader in Data Processing and Telecommunication Training, is expanding and highly profitable.
- An exciting opportunity has arisen for a Marketing Manager to direct a period of significant growth in the UK. Candidates, male or female, probably aged 30-35, will be recognisable leaders and able to demonstrate marketing track records of outstanding success.
- A good University Degree will have been followed by several years' field and line management experience with a major computer hardware manufacturer. A thorough understanding of EDP and telecommunications is essential.
- This position, based in London, offers an excellent salary and benefits package and the opportunity to earn very substantial performance-related bonuses. Success can lead to outstanding career opportunities.

Please telephone or write to F.A. Merrin, BA (Econ) ACA ATR or S.W.J. Adamson, FCA, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Hertfordshire, quoting Reference 1038. Telephone Hitchin (0462) 55303 (24 hour answering)



GROSVENOR STEWART
Executive Search and Selection

Systems Accountant

Sussex/Hants border c.£10,000

Our client, a division of a high-technology U.S. multi-national group, has substantial interests throughout Europe. They now require a qualified accountant, preferably A.C.M.A., to strengthen their senior financial team.

This challenging role will involve full participation in the advanced data-based computer system currently being installed to accommodate the further expansion of the European operations.

You will play a major role within the team in developing the group's sophisticated accounting systems, controlling the day-to-day plant operational activities together with challenging ad hoc duties.

Personal qualities required in the successful candidate will include a practical and experienced approach to problem-solving combined with ambition and a strong desire to succeed. Prospects throughout the group are excellent. Ref: MSS 3295.

**Lloyd Chapman
Associates**

123, New Bond Street, London W1Y 0HR 01-499 7761

Project Accounting

C. London

c. £9,500

Our client is the Headquarters of one of the world's most successful multinational organisations. As part of their management development plan for the eighties, they now require a young graduate accountant - qualified to Part II/III of ACCA or ICMA.

Your industrial/commercial finance expertise will be sharpened by direct involvement with financial and operational reporting problems, asset management and business plan formulation.

Ideally you will be a numerate graduate and a finalist ACCA/ACMA. You will receive excellent training and can expect to benefit from the group's policy of rapid internal promotion. Financial and practical assistance will be given to complete your professional qualifications. Please telephone or write quoting Ref: RG 3676.

Lloyd Chapman Associates

123, New Bond Street, London W1Y 0HR 01-499 7761

Major international construction company

has the following two senior staff vacancies in its corporate financial department:

—specialists in controllership/treasury functions

—specialist in the budgets and planning/management systems

Requirements for both positions include previous experience with multi-national group, bilingual French/English capability and preferably previous experience in construction/engineering industry. Some previous internal/external auditing an advantage but not mandatory.

Good ground-floor opportunity for bright, flexible, self-starting individuals.

Located in Liège, Belgium. Competitive conditions.

Please reply with handwritten curriculum vitae and financial requirements to:

Ref. F87 A. Havas Bld. Ad. Max, 13-17
1000 BRUXELLES



MERCHANT BANKING Baring Brothers & Co. Limited PORTFOLIO MANAGER/ PRIVATE CLIENTS

Barings require a Portfolio Manager to work within a small team and assist in providing an investment management service to clients in the private client and net fund section.

The successful applicant would be a qualified accountant with a minimum of five years experience of investment management in a similar environment.

Salary will be negotiable according to age and experience. Benefits include low interest mortgage and non-contributory pension scheme.

Applications enclosing a c.v. should be sent to:

Miss E. Williams
Baring Brothers & Co. Limited,
88 Leadenhall Street,
London EC3 3DT.

INTERNATIONAL FRENCH BANK

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EVEN THE British Government would probably admit that any foreseeable settlement of its demands for a cut in its payments to the EEC budget will aggravate, rather than tackle, the cause of the problem.

This might be justifiable if it provided a breathing space during which the necessary fundamental reforms could be negotiated. But indications are that the prospective settlement could prejudice, rather than help, Britain's chances of securing a better deal from the EEC in the longer term.

Britain pays more on balance into the EEC than any other member mainly because it loses out heavily under the high price-support mechanisms of the common agricultural policy.

The Conservative Government's early decision to concentrate on the budget problem first and worry about the CAP afterwards may have sounded pragmatic a year ago when Sir Geoffrey Howe declared the CAP to be "a false trail". Reforming it would take too long to meet Britain's immediate needs.

Demands

Indeed, when earlier this year the French Government refused even to discuss Britain's demands outside the context of a package deal incorporating a 5 per cent farm price rise, London sighed with relief.

The British Government obviously let it be known that, despite its protestations for a price freeze, a deal was possible—including the virtual abandonment of plans to curb the expensive dairy surplus—

if an acceptable budget offer were made. It calculated that the CAP battle could be fought later on when EEC financial resources ran out and Britain could brandish its power of veto over proposals to lift the 1 per cent ceiling which currently limits the amount of national VAT revenues paid into the EEC budget.

Many people did not fully appreciate the catch until last week when the Commission presented estimates of EEC spending over the next three years. These show that unless the growth in farm spending is cut back sharply from the 20 per cent average of the past

few years, there will not be enough money left next year, let alone by 1982, fully to honour the sort of commitment on the budget that the British are seeking.

This year's farm price settlement—which the British are still blocking but admit cannot be renegotiated—will go a long way towards ensuring a continued steady growth in farm spending. The crucial element is not so much the price rises as the failure to do something drastic about surplus milk production, which already swallows up over a third of the budget.

Even if the growth in farm spending were cut back to 18 per cent next year—commission officials consider this optimistic—and spending on regional and social policies were curbed, Britain's net contribution would rise to 2,320m ecus (£1,450m) but there would be only 1,500m ecus left in the budget to pay Britain its rebate. By 1982, on a similar hypothesis, there would be only 350m ecus left for the British.

Faced with two conflicting commitments—to the farmers and to the British—the Community would enter a grey area where the legalities have yet to be tested.

The British Government recognises the problem. It is suggested that an acceptable way around it might be to cut back EEC spending uniformly—British rebate and farm price support alike being paid at a percentage rate. Whether the other members would find this equally acceptable is not at all clear.

By that time, the British may find that the only alternatives to going along with this are either an enormous net contribution or an illegal, and politically disastrous, withholding of VAT payments, the first step towards quitting the EEC.

If Britain accepts this year's farm price package, it will be arming its opponents for the bigger fight ahead.

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Wales Today.
11.40 News and Weather for Wales.

Scotland—11.04-11.15 pm The Scottish News; 5.55-6.20 Reporting Scotland; 10.10 Current Account; 10.40 Omnibus (Schlacken the Painter); 11.50 News and Weather for Scotland.

Northern Ireland—3.35-3.55 pm Northern Ireland News; 5.55-6.20 Scene Around Six; 11.40 News and Weather for Northern Ireland.

6.40-7.55 am Open University (Ultra high frequency).
1.15 pm News; 1.20 Mr. Benn; 3.55 Regional News for England (except London); 3.55 Play School (as BBC-2 11.00 am); 4.20 The All New Popeye Show; 4.40 Joy and Redhawk; 5.00 John Craven's Redhawk; 5.05 Blue Peter; 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Tomorrow's World.
7.25 Top of the Pops.
8.05 Taxi.

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A restraint on arbitration appeals

"THERE ARE some in the City of London, and other marine centres, who think that commercial justice is sometimes sacrificed upon the altar of certainty." When Donald Davies said this in his arbitration award in the Nema case, he referred only to the restrictive approach shown by some judges of the High Court when deciding whether a delay is long enough to constitute frustration of a shipping contract.

However, when Lord Denning quoted him in his appeal judgment delivered in the same dispute, he applied the sentiment to a wider range of cases. "I hope," said Lord Denning, "that as a result of our decision today the judges will adopt the 'slightly more liberal approach' he desired by the City of London."

The Court of Appeal's Nema Judgment of May 22 is likely to become a milestone in the history of London arbitration because it will make it much more difficult in the future for judges to reverse "final" arbitral awards, and even more difficult to allow appeal to higher courts.

The ease with which some arbitration disputes reach the highest courts in the land was criticised on the same day in the House of Lords by Lord Diplock. He was dealing with the Lornho appeals against

the refusal of lower courts to order Shell and other oil companies to disclose certain documents. "It reflects discredit upon English arbitral procedure," said Lord Diplock, "that so much delay and so much costs (which in the instant appeal in which 13 counsel were engaged, must have been enormous) should be permitted to be incurred by reason of the intervention of a court in matters that are merely preparatory to the hearing of the arbitration by arbitrators of the parties' choice."

He did not accept that the size of damages claimed in the arbitration, of the order of £100m, was a valid reason for allowing appeal to the House of Lords on a preliminary question of fact. In which, moreover, the High Court judge and two courts of appeal were unanimous.

Another reason why the appeal should not have been allowed was that the circumstances were quite exceptional and unlikely to occur in any other case. The same reason was given simultaneously by Lord Denning when criticising the leave of appeal given in the case of the Nema.

The ship Nema was chartered for six or seven continuous voyages to bring titanium slag from Sorel in Canada to Calais or Harlepool. The vessel was presented on May 20, 1979, and completed its first voyage, but on June 6 there was a strike at Sorel, and from then onwards no cargo could be loaded. The charter party provided that a delay due to strike action would go on the account of the ship owners; the charterers, therefore, wanted to keep the ship in readiness at Sorel, while the

owners wanted to employ it on a more profitable business, pointing out that some of the strikes in Sorel took nine months to settle.

The parties tried to reach a solution, but an additional agreement about earnings in 1980, but in the end disagreed. The Nema left Sorel, and was arrested at the request of the charterers, but later released on certain undertakings by the owners.

In the meantime the parties agreed that their dispute should be resolved by Mr. Donald Davies acting as a single arbitrator. They wanted a speedy decision so that the ship could sail westwards. The hearing took place on September 26, 1979, and five days later the arbitrator decided that the whole charter party contract

was frustrated. The end of the strike was not in sight, and it would prevent the Nema from reaching the port in winter.

When this award came up for review before Mr. Justice Robert Goff, the judge held that the original charter party, and the addendum for 1980 voyages, constituted one indivisible contract. In his view, the arbitrator wrongly considered the 1979 season separately. The judge reversed the award, and said that the parties remained bound. But in his turn he was reversed by a unanimous decision of the Court of Appeal.

Lord Denning said that under the 1979 Arbitration Act the judge should have accepted the decision of the arbitrator as final unless it was wrong in law or of a sort no reasonable arbitrator could reach.

Frustration was not purely a question of law; it was also a question of fact, whether or not the delay was so long that the contract ceased to make commercial sense. Lord Justice

Templeman added that even if frustration by delay was a matter of fact, the court was not free to interfere, and the arbitrator was right.

The decision of the arbitrator is final unless the judge gives leave for its review, and this must not be given if the legal issue is merely academic or of minor practical importance. If the judge decides to hear the appeal his decision is final unless he certifies that the question is of general importance or that there is some special reason why it should be considered by the Court of Appeal.

In a case when the sole question is the interpretation of a "one off" commercial contract—not a standard form contract—the issue is unlikely ever to arise again. The arbitrator was more likely to interpret such a contract in its commercial sense, and his decision may be preferable to the literal interpretation of the contract by a judge, but once the judge has decided there should be no further appeal.

The judge may give leave to appeal if the issue concerns a standard form contract, and is

likely to come up again and again. The decision may be of one of general public importance, but even then the judge should remember that a commercial arbitrator is better placed to interpret the standard contract in a sense acceptable to the trade, and hesitate a little before he grants leave to appeal.

This was the first case considered by the Court of Appeal under the Arbitration Act 1979 which applies to arbitration commenced on or after August 1, 1979. This should result in reasoned decisions by the arbitrator to be questioned in court only on a point of law by the judge giving leave, and the arbitrator should never reach the Court of Appeal.

Looking back, Lord Denning regretted that the judge gave leave to appeal, and that he and his brethren in the Court of Appeal affirmed his decision. By granting leave the parties have been involved in much litigation and expense which they ought to have been spared.

* * *
Pioneer Shipping Limited and Armada Marine S.A. v. B.T.P. Tioxide Limited. The Nema. Judgment of May 22, 1980. Unreported.

* * *
Same case, Commercial Court. Reference S/29479. Judgment of November 2, 1979. The Nema. Judgment of May 22, 1980. Unreported.

* * *
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Jane Austen at the double

OFF-COURSE backers, betting shop staff and racegoers could be in for a few headaches this afternoon, for there are two Jane Austens in the field for Brighton's Portside Maiden Filly Stakes.

Ryan Price saddles the British-bred Jane Austen, a bay filly, who cut little ice on her sole juvenile appearance.

Neither filly, however, is likely to prove up to coping with Blood Fool, who caught many an eye recently when producing a highly respectable display at 33-1 behind Rule Britannia at Wolverhampton.

Now that Luca Cumani's team is beginning to find its rhythm, it is likely to be the one they all have to watch in the Park Cup Handicap. This Gulf Pearl filly took a valuable nursery at Leicester last autumn after being off the course all summer.

Lester Piggott, whose name became synonymous with Brighton in the early 60s, seems to have great prospects on Varuna. This progressive three-year-old—trained by Scobie Breasley with whom Piggott and Ron Hutchinson had so many

epic duels on this course—struck winning form at the last meeting here.

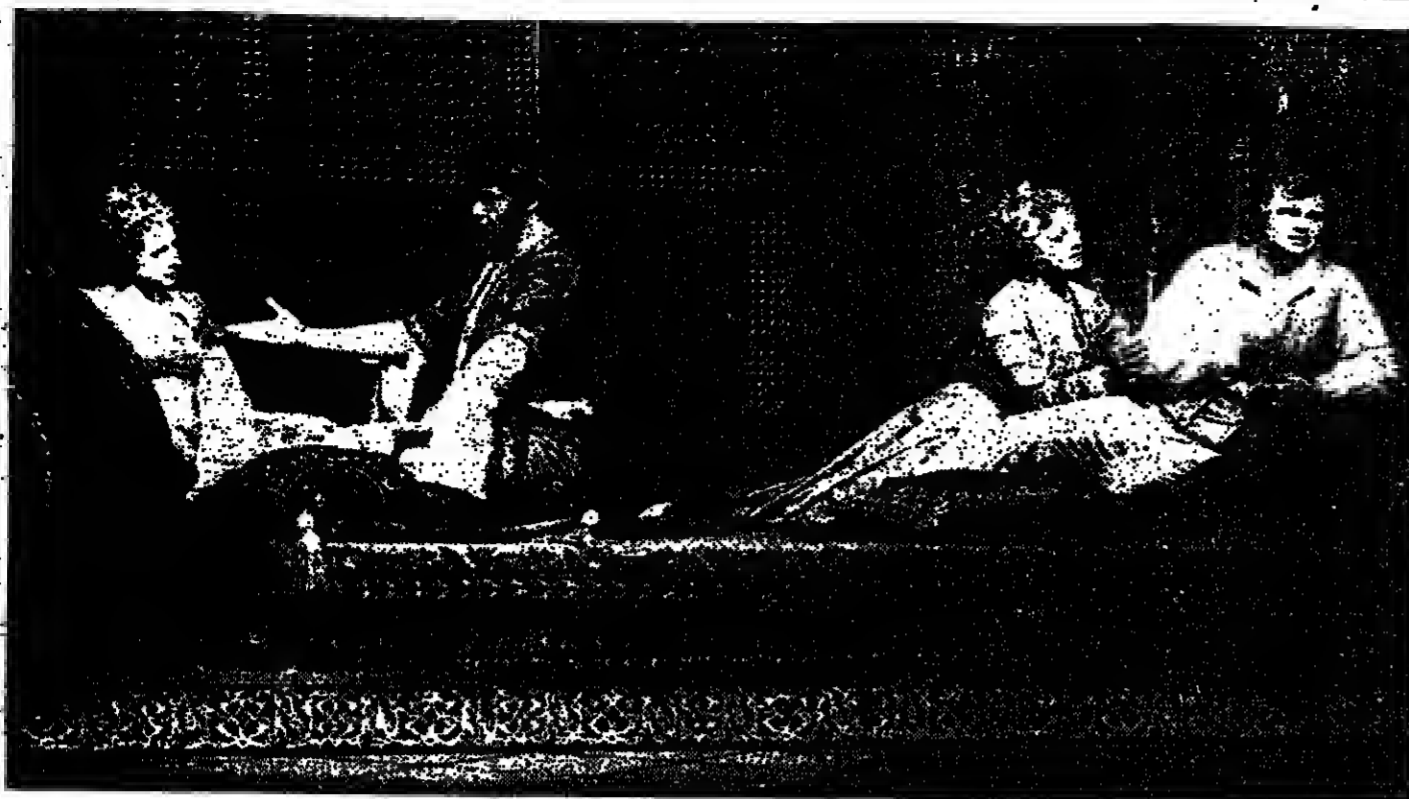
Ravi Tikko's handsome Luthier colt stayed on well to account for market rival, Czernin, to whom he was conceding 5 lbs. in a modest event. Although Varuna has a stiffer task carrying 9 st 8 lb in the Whitehouse, I believe he will prove up to it.

3.00—Lady Oakley*
3.30—Blood Fool
4.00—Zedative*
4.30—Varuna**

CARLSLE
2.15—Jim's Bid
2.45—Overseas Admirer
3.45—Rainbow's Sparkle
4.15—Classic Athena

SCOTTISH
9.30 am High Summer, 8.40 Caravan of the Stars, 9.50 The Great Escape, 10.50 The Great Escape, 11.50 The Great Escape, 12.50 The Great Escape, 1.50 The Great Escape, 2.50 The Great Escape, 3.50 The Great Escape, 4.50 The Great Escape, 5.50 The Great Escape, 6.50 The Great Escape, 7.50 The Great Escape, 8.50 The Great Escape, 9.50 The Great Escape, 10.50 The Great Escape, 11.50 The Great Escape, 12.50 The Great Escape, 1.50 The Great Escape, 2.50 The Great Escape, 3.50 The Great Escape, 4.50 The Great Escape, 5.50 The Great Escape, 6.50 The Great Escape, 7.50 The Great Escape, 8.50 The Great Escape, 9.50 The Great Escape, 10.50 The Great Escape, 11.50 The Great Escape, 12.50 The Great Escape, 1.50 The Great Escape, 2.50 The Great Escape, 3.50 The Great Escape, 4.50 The Great Escape, 5.50 The Great Escape, 6.50 The Great Escape, 7.50 The Great Escape, 8.50 The Great Escape, 9.50 The Great Escape, 10.50 The Great Escape, 11.50 The Great Escape, 12.50 The Great Escape, 1.50 The Great 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Escape, 2.50 The Great Escape, 3.50 The Great Escape, 4.50 The Great Escape, 5.50 The Great Escape, 6.50 The Great Escape,

THE ARTS



Lillian Watson (Blonde), James Hoback (Pedrillo), Valerie Masterson (Constanze) and Gösta Winbergh (Belmonte)

Glyndebourne

Die Entführung by MAX LOPPERT

Glyndebourne opened its 1980 season with a new *Entführung*, funded by the Dresdner Bank and Deutsche BP. Tuesday's performance unveiled for us one of the silliest and most musically insensitive productions of a Mozart opera you could ever wish to be spared. This is bad enough; in recent seasons, Glyndebourne has taken its Mozart very seriously, and the present bout of silliness is more than a retrograde step: it amounts to a fall from grace. Equally depressing is the quantity of good ingredients used in the mixture: an attractive cast; a most promising debut by the young Austrian conductor Gustav Kuhn; designs by William Dudley that are both delightfully decorative and (mostly) practical.

A single ray of hope for the future may be found—if Peter Wood's production were scrapped in its entirety, everything and everyone else could be allowed to remain to do honour to Mozart.

Meanwhile, this season at least, we are stuck with Mr. Wood. The style of his production might be described as a series of energetically proffered encouragements not to concentrate on the musical riches of the opera. These are two kinds, both made with equal ineptness: the farcical—any production that upon the march rhythms of the overture imposes a pantomime with joke Turkish guards jolly marching leaves early warning of its quality—and the pseudo-serious. By the latter is meant the run-

ning symbolism of the cages—during both "Traurigkeit" and "Marian alle Arten"—a full aviary of live birds, bills and coos away with easily predicted effect (not, apparently by the producer) on audience attention—and the peripatetic incursions of a quartet of European prisoners in chains (in the first chorus and the C Minor section of the Blonde-Osmin duet their straggling across the stage was a particularly gross intrusion). Mr. Wood's purpose, clearly, is to show an audience that he has discovered more in Mozart than just good fun—though of this there is, despite the larks, sadly little. It soon becomes impossible to evince a jot of interest in ideas so crudely and consistently conceived against the grain of the music.

The point is worth making, forcefully: for my guess is that people encountering the opera for the first time in this reading of it, may be tempted to dismiss it as no more than a mild jape with agreeable musical accompaniment. This constitutes an unkindness to them and a cause for anger in others who love the work for its almost extravagant beauties of form, texture, instrumentation, and melody, its emotional amplitude, the exhilarating sensation it leaves of the young Mozart bursting through the bonnets of the singeing with the audience of his musical invention. (Brigid Brophy contends that the opera is "about love and about society": we need not agree with both parts of her statement to share her feeling that it is about something. Heaven knows

it is a difficult proposition for producer and cast—difficult in its dramatic proportions, difficult in its balance of light and serious strains, and (not least important) difficult to sing and play. But surely no performance should leave an audience pondering the implied question: was it really worth doing at all?

All this said, it is a source of wonder that there were still things to enjoy in Tuesday's performance. Valerie Masterson, a Constanze who at the Coliseum and the Paris Opera set the vocal lines soaring and glowing, was not in her roundest or most radiant voice; even so, hers was a most distinguished assumption. (In wig, costume colour, and make up, one of the most attractive women currently on the Lyric stage was made to look dismayingly frumpy.)

I much liked the youthfully ardent bearing of the Swedish tenor Gösta Winbergh. His singing, too: the voice is not sweet and seductive throughout its compass (and, though bravely flourished, not yet quite agile enough for "Ich habe ganz"), but it commands a natural resource of romantic emotion.

Lillian Watson's blunt, spirited Blonde and Willard White's handsome, imposing Osmin are both familiar from Welsh National performances. Mr. White lacks true low notes, and in his fine figure and stage personality there is a degree of nobility not easy to reconcile with the character, venal and crafty by turns, of the overseer. The most severe production

casualty of the cast was the young American, James Hoback: beneath the gold-rimmed spectacles, head band and college-boy bumpiness forced on his Pedrillo it was just possible to recognise the pleasing, fresh player in the St. Louis Albert Herring shown on British television last year.

Orchestrally, there were riches. Indeed, in the full-toned LFO sound, and spacious movement of the opera, it could be divined that the conductor's view of the opera differed radically from the producer's: the singers were invited to treat their accompanied recitatives intensely and meaningfully, although in the one preceding "Traurigkeit" and in the aria itself, the process was taken too far, especially considering the diversions on stage. Mr. Kuhn's interpretation sorts well, at least, with the beautifully detailed elegance of the designs, their sense of a cool, secret Levantine courtyard, exotically shaded and scented. (The box set in which the drinking scene and quartet are played is a structural miscellany much like the one that has collapsed Mozart's three acts into two.) There is a full share of spoken dialogue, mostly so slowly and so jerkily aken as to inspire a passionate craving for the pruning shears; for this reason, and for others listed earlier, Thomas Thomasdike as the Bassa (in this year's *Magic Flute* revival he returns as Sarastro) has been prevented from making anything of what should be a most rewarding role.

Festival Hall

George Lloyd

by ANDREW CLEMENTS

It is evidently a week for ventilating some of the dustier corners of 20th-century English music. After Sunday's epic presentation of Haverall Brian's *Gothic Symphony* on Tuesday evening, the Philharmonia Orchestra introduced to London a symphony by George Lloyd, his eighth, conducted with great affection by Edward Downes.

For much of his life Lloyd has been a voluntary exile from the musical world. He was born in 1913, studied the violin with Albert Sammons and composition with Harold Farjeon, and before the Second World War had created quite an impression with his first two operas, the second of which was produced at Covent Garden. War service left him with shell shock, from which he was slow to recover; in 1951 he finished a Festival of Britain commission for the Carl Rosa Opera Company, but he was so exhausted by the tribulations of its staging that he gave up music. He went into business, prospered, and returned only gradually to composition.

Performances have followed slowly. John Ogdon has played Lloyd's first piano concerto, and Edward Downes has also conducted the fifth and seventh symphonies. Lyrita is releasing a recording of the Eighth. The Festival Hall performance was rapturously received, and the music does fall easily and immediately to the ear. The idiom is easy, to place between

Vaughan Williams (the sixth and eighth symphonies), and Walton (the lighter overtures). It is very obviously the work of a composer who has fully absorbed his craft, and the demands made on the orchestra are severe but rewarding.

The three movements of the eighth symphony play for 45 minutes. It's difficult to escape the thought that the material does not begin to justify such lengthy treatment, or that its progress is anything more than a series of sweetly perfumed moments, given apparent purpose by strategically sited climaxes. The first movement begins with a suggestion of strenuous thematic working, but it soon gives way to more diffuse thoughts and to music pervaded by a cloying good humour. So the work proceeds, through a Largo leading to an Allegretto that struggles to maintain a solemnity, and on to a finale that makes all the conventional rowdy, triumphant noises.

The mind is almost kept from straying by admiration for the many felicities in the scoring, particularly in the writing for the violins, the brass and upper woodwind. A brief clarinet solo in the centre of the second movement is the most memorable idea in the symphony. But in retrospect the rest seems like a succession of moods, vividly sketched but only vaguely brought together.

Festival Hall

Laine/Galway

It was quite cheeky of Cleo Laine and James Galway to hire the Festival Hall to promote the album they have concocted between them. Perhaps the best excuse for the bravado was that they were presented with gold discs on stage, very rapid sales proof that the combination of Cleo Laine's Drabamine honed voice and James Galway's fluting are just what the public ordered.

In practice the duo kept themselves to themselves for much of the time, Galway monopolising the first half with a succession of pop songs, Irish airs, and pepped up classics that bring in the money but fail to test his skill as a flautist one jot. It is a rather upsetting rejection of talent.

In contrast, Cleo Laine was in excellent voice after the interval. She really is the best jazz singer any country could hope to nourish but here again so attack of Galway-itis is per-

suading her away from jazz into the sticky waters of mainstream pop. Her selection of show tunes was fine; her blues, well accompanied by John Dankworth on saxophone and clarinet, heavy with feeling; even her version of the archetypal contemporary love song Billy Joel's "Just the way you are" threw new light on the over-familiar.

But when they finally merged their talents there was little to show for it. Cleo Laine's extraordinary ranging voice has always been best suited to her husband's wind instruments; the flute's slightly shallow sound is not the best partner and tends to fade into background accompaniment. Perhaps in songs like "Skylark" the combination is more than the sum of its parts but basically Cleo Laine and James Galway have hit on a splendid commercial gimmick rather than any musical innovation. ANTHONY THORNCROFT

Lyric Hammersmith Studio

Livingstone

by MICHAEL COVENEY

David Pownall's small but loopy play, first seen at the Edinburgh Festival two years ago, is an improvisation on the extent fragments of Livingstone's Kolobeng Journal of 1848-49. It charts the conversion of Sechele, chief of the Crocodile Tribe, on a dried-up river, who is promised salvation in exchange for renouncing his five wives.

Sechele was Livingstone's first major convert after seven years in Africa but Mr. Pownall offers no pat theories on the good or evil of the missionary position. And, talking of which he declines to exploit any cheap comparison between Mr. and Mrs. Livingstone's sex life and the more exultant copulation of Sechele and Mokoko, one of the five whose womb bears fruit on the night of her chief's baptism. There is a stark contrast, however, between the dear Scottish home life of the Livingstones and the exotic habits of the other couple fenced in, on Dermot Hayes' evocative set, behind a circle of sharpened poles. A

communion service is disrupted by Sechele's ritualistic drinking of snake water, and his bare bosom companion exudes a sexual confidence foreign to the corseted primness of Mrs. Livingstone.

As in every other Pownall play I have seen, the cultural collision is carefully arranged without resulting in anything you could describe as compulsive drama. There is an odd deadness at the centre of the piece, despite the rigmarole of Joe Marcell's feathers and drum beats, despite the devious trickery in Peter Kelly's powerful performance as the explorer.

Ann Dominga is decisively impressive as Mokoko, giving a strong portrait of native resentment while Jennifer Pierrey's cool and patient Mrs. Livingstone hovers sanctimoniously on the sidelines. Peter Lichtenfels' production amounts to an offbeat but curiously unpersuasive evening of hard-wood entertainment. It all seems such a very long time ago and, when it strikes occasionally home, nonetheless pedantic.



Peter Kelly (Livingstone) and Joe Marcelli (Sechele)

Record Review

Small, quiet voices by RONALD CRICHTON

Byrd The complete Masses. Motets. Deller Consort. Harmonia mundi (France). Three records in box. HM 211/13

Tallis The Lamentation of Jeremiah. Hymns (plain chant and polyphonic). Deller Consort. Harmonia mundi (France) HM 208

M.A. Charpentier Leçons de ténébres (Vendredi Saint). Six Répons du Mercredi. Nelson, Verkinderen, Jacobs, Christie, Kuitjen, Glaff, Jungbühel. Two records in box. Harmonia mundi (France) HM 1008/09

Purcell Theatre Music, vol. IV (The Virtuous Wife. Amphitryon. The Old Bachelor). Nelson, Hill, Keyte/Academy of Ancient Music/Hogwood. Oiseau-Lyre Florilegium series. DSDC 550

Holst "Music for Strings, Percussion and Celesta." Pears, Britten/Pearson/Singers/ECO/L. Holst. Two records in album. Argo ZK 74/75

It is wrong to separate Byrd's Masses from their liturgical purpose and indeed the inextricable closeness of text and music makes it hard to do so. Yet the composer's mastery is so absolute, that playing them in consecutive sessions with half one's mind, one begins to place them on a level with the highest instrumental chamber music, with, say, Mozart's Quartets and great Divertimenti for string trio, K563. The secret intimacy pervading the Mass for Three Voices, the vigour and assertiveness of that for Four Voices,

the serene grandeur of the Five-Voice Mass, each time as it were Byrd illuminating the meaning of the text from a new angle—these are on a Mozartian plane of achievement.

There is more splendid music among the twenty-odd Motets on the reverse sides of the three discs containing the Masses. Some are joyful and extrovert, some inward, "O magnum mysterium" glows and burns. The hymn-like "Christie qui lux es et dies" makes a marvellous close. Unlike some firms who spread themselves on leaflets with irrelevant illustrations and inessential information about the artists, French Harmonia Mundi give the barest information, with a note on the Masses adapted from Edmund Fellowes and nothing at all about the motets apart from their titles. Too far in the other direction!

The Byrd box and the single disc containing the Tallis Lamentations and some Hymns were made by the Deller Consort not long I understand, before the founder's death. Alfred Deller was the first counter-tenor many of us encountered in the concert hall or on record and none of his many eminent successors rivalled the speed with which by sheer artistry, force of personality and precision of interpretation, he could reconcile one to that initially uncomfortable sound. These records reveal the artistry undimmed, as many a phrase in Byrd and the somberly magnificent pages of Tallis attest. Round himself Deller built an ensemble homogeneous in style and feeling but with no ironing out of the other

individualities—one can't help remarking the musicianship and resilience of the first soprano, Homr Sheppard.

The Charpentier album, also from Harmonia Mundi, is a sequel to one enthusiastically reviewed here about 18 months ago. The new records include Lessons for Good Friday (from the Lamentations of Jeremiah, overlapping with the text set by Tallis and Responses for Wednesday in Holy Week. Two sopranos, a male alto also functioning as "haute-contre" or high tenor, four instruments—viols, violas, harpsichord, organ, and theorbo. I must repeat a warning made last time to the effect that this extraordinary music, at once intimate, austere and ornate, may disconcert those whose ideas of Baroque is rooted in Vivaldi. Gregorian chant flowers into intricate melisma. In a hyper-articulate, elegant and very French way, penitent souls are laid bare.

The singers (Judith Nelson, Anne Verkinderen, René Jacobs), and with the addition of Adelheid Glaff the players, are the same as before. They include the superb Wieland Kuitjen, whose bass-viol line, so perfectly tuned, phrased with the grand simplicity of a Casals, inclines one to be unappreciative of the watery wheezings so often suffered from contiguous players. The music is not all elaborate gloom—some of the Responses have a Monteverdian warmth. Though in his alto capacity Mr. Jacobs lets slip a boot or two, the singing persuasively combines steadiness with sensitive inflection. Strongly recommended, both for rarity and for excellence.

The fourth volume (single disc) in the Florilegium series of Purcell's Theatre Music from Oiseau-Lyre covers three plays put on at Drury Lane in the 1690s by the great Restoration actor, Betterton: D'Urfey's *The Virtuous Wife*, Dryden's *Mr. Jacobs* (lets slip a boot or two), and Congreve's *The Old Bachelor*. There are overtures, songs, duets, and many dances, music of wonderful, sappy, glinting vigour with occasional shafts of deep melancholy. Judith Nelson, heard in the Charpentier recordings, is here again (note the nice mock-perfurbation of her "O Kiss me longer, and longer yet, and

longer"), with Martyn Hill and Christopher Keyte. The Academy of Ancient Music under Christopher Hogwood, play with almost salacious zest. The brilliant attack of which Baroque violins are capable is something that came late in our education to authenticity.

The Holst album contains re-pressings of distinguished recordings made chiefly by the Purcell Singers and members of the English Chamber Orchestra under Holst's daughter Imogen, with solo songs masterfully done by Pears, Britten and Norbert Brining (violin). Holst remains partly enigmatic. The fire-and-ice dichotomy was present in two ways, in his own personality translated into his music, and in the historical situation, the stylistic freeze-up that came over much Western music after the late-Romantic sunset, affecting men like Ravel, and Falla as well as Holst.

He varied. Inspiration came and went. Though an admirable craftsman, he was too desperately truthful to fake. His music comes and goes in another sense. A work held dear in memory may come up weakly, while others half or wholly forgotten or never heard (his output was small only in regard to major works) will suddenly surprise. In spite of exemplary performances I was slightly disappointed this time by the song "Betelgeuse" from the Humbert Wolfe set and by the choral "Tomorrow shall be my dancing day," but pleased by "The floral hand" (also from the Wolfe set), delighted by the unfamiliar *Six Canons* of 1932, the soul-body dialogue *The Evening Watch* (1925) and most of all by the *Seven Part-Songs* to words by Bridges (1925-26), especially by the remarkable, extended final song—almost a miniature drama—"Assemble all ye maidens."

Music of the kinds discussed above, involving small forces, is usually unproblematic in record and accordingly likely to be well served, as it has been in these issues. It is also the kind of music that tends to disappear from the catalogues when things get difficult. Since the small, quiet voices can give comfort long after the appeal of the latest starry *Figaro* or whatever has begun to wear off, chances should be taken in time.

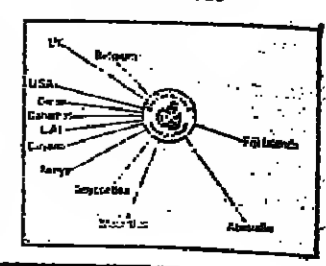
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Thursday May 29 1980

Labour goes to Wembley

THE SPECIAL conference of the Labour Party which will take place at Wembley on Saturday is a kind of political equivalent to the TUC's abortive day of action earlier this month. In the words of the National Executive Committee's official purpose is to allow the Party "to present to the British people its plans for overcoming Britain's crisis and proposals for action internationally." It is also an attempt to allow the Party to let off steam at a time when the chances of checking the Government in Parliament are minimal and a general election is still a long way off.

Growth

There is no harm in that. It is also possible that some of the speakers—Mr. James Callaghan is opening the session and Mr. Anthony Wedgwood Benn is winding up—will have something new to say or at least will produce an arresting restatement of old verities. For the moment, however, all that we have to go on is the statement prepared by the NEC, entitled *Peace, Jobs, Freedom, Labour's call to the people*, which will form the subject of the day's debate. The best that can be said of that document, as is already being said by some of the more sensible members of the Party, is that it could be worse. It could, but only just.

With the best will in the world, it is impossible to detect that Labour has learned anything from its periods in office. The central failing of Labour Governments from Harold Wilson's first administration onwards has been the inability to foster economic growth. The Party has repeatedly promised the earth, but has been unable to produce the means to provide it. It is not incidentally a failing confined to Labour, but it is at least to the credit of Mrs. Thatcher's Conservative Party that it has taken the absence of growth as a starting point and set out first to try to create the conditions in which growth might take place. No such examination of basic approach has taken place in the Labour Party. Despite the evidence of the past, it is merely assumed that growth can be conjured up by the heavy application of socialist planning.

The demands for state controls go further than many re-

cent Party documents and certainly than the Manifesto at the last general election. There is a call for a "comprehensive and powerful" system of price control. Foreign exchange controls would be re-imposed "to help fight off any run on the pound and import controls introduced. The statement seeks a "significant public stake" and a degree of control "in each important industrial sector including pharmaceuticals, medical equipment, micro-electronics, construction and building materials. Public sector assets sold off by the Tories would be restored to public ownership without compensation. Not least, the statement says, "We will repeal, entirely, the Tory Employment Bill." The idea of any kind of union reform is out.

This is not a document that can be easily acceptable to Mr. Callaghan, nor to his most likely successor, Mr. Denis Healey. Other leading Labour politicians such as Mr. Roy Hattersley, Dr. David Owen, Mr. Peter Shore and Mrs. Shirley Williams must be frankly appalled by it. Yet the fact is that few of them have yet denounced it outright. It will be revealing to hear what Mr. Callaghan himself has to say on Saturday, for it would be going back on all that he claimed to have learned as Prime Minister if he were to endorse the NEC statement.

Intellectuals

The fact that the statement could be produced at all suggests that the real battle in the Labour Party is still to come. In the meantime, it would be helpful if the more moderate members of the Party were to do some rethinking of their own. There are many lessons to be learned from Labour's period of office; for example, the need for lower taxes, greater freedom of choice and the creation of smaller units. None of them are incompatible with social democracy. So far as these alternatives are being considered, however, it is happening in isolation. There is now no coherent group of Labour intellectuals capable of inspiring the imagination. Neither the late Mr. Crosland nor Mr. Roy Jenkins have yet been replaced. The result is that the Labour left appears, in public at least, to be making the running.

The trouble is lack of skill

THE BRITISH machine tool industry has had the misfortune of being subjected over the years to more official end-unofficial investigations than any other manufacturing sector. Neither the reports nor the actions resulting from them appear to have made any significant difference to the industry's performance. One of its weaknesses—the tendency to export standard machine tools and to import the sophisticated equipment for which world demand is growing more rapidly—was identified by the Mitchell Committee in 1980; the diagnosis is still valid today.

Complex products

Government intervention has had disappointing results. Support for mergers in the late 1960s took no account of the fact that the successful machine tool industry, that of West Germany, consists predominantly of small firms with plants employing less than 500 people. The rescue of Alfred Herbert in 1975, one of the worst industrial decisions taken by any Government since the war, has failed to achieve its purpose.

The industry continues to be studied and analysed, not because its performance is markedly worse than that of other sectors, but because it occupies a key place in the manufacturing process. It also illustrates problems which are found to a greater or lesser extent throughout mechanical and electrical engineering. The latest attempt to explain what has gone wrong has been made at the National Institute of Economic and Social Research; a summary of the results is contained in the *Economic Review* published this week.

Its most important conclusion is that the industry's inadequacies are related to deficiencies (compared to what is available in competing countries) of engineering expertise at all levels. The deficiencies are not confined to machine tools, but this industry, because of the complexity and precision of its products, and the small batches in which they are made, is peculiarly dependent on the skills of its employees.

The authors point out that skilled craftsmen form about the same proportion of the industry's labour force in Britain and Germany, but there is a great difference in the qualifications obtained in the

two countries. In the British apprenticeship system the emphasis is on "serving time." In contrast to Germany, there is no requirement to take examinations which provide a nationally standardised test of competence; moreover the unions insist that all craftsmen are paid the same rate regardless of any further study undertaken or paper qualification obtained.

The study further suggests that the market mechanism in skills has worked to the particular disadvantage of the machine tool industry. With the progress of technology the demand for technically skilled men has risen. Employers may be prepared to pay more for them, but are inhibited by the threat of claims for comparable rises from less skilled workers who want to reduce differentials. Existing skill differentials provide insufficient incentive to acquire the necessary skills; the number of skilled persons (many of whom were trained when incentives were higher) gradually falls as people leave the industry or retire. The shortage of skills tends to intensify.

Job satisfaction

Moreover because there is a simultaneous shortage of intermediate skills, the highly skilled men who are available spend too much of their time doing work which should be done by others; their job satisfaction and their value to the firm are reduced. "As one generation of workers succeeds another," the authors conclude, "a false equilibrium is gradually established: low wage differentials and low productivity gradually become more tolerated, products with a lower skill content are increasingly produced and products with a high skill content need increasingly to be imported."

Breaking out of this vicious circle will require different attitudes on the part of employers and trade unions, as well as changes in the system of training. The conclusion of the National Institute study reinforces those of the Finiston inquiry into the engineering profession and of the report on training published last week by the Central Policy Review Staff. Industrial performance is crucially affected by the quality of skilled manpower at all levels, by the financial incentives which encourage the acquisition of new skills and by the use to which these skills are put by employers.

ALMOST EVERYONE in the European chemical industry relishes the story of the oil-rich sheikh whose small son asked for a cowboy outfit as a birthday present—and was given Dow Chemical.

The tale is not only a measure of Dow's unpopularity within the industry but also a grudging tribute to the way the U.S.-based group so often manages to steal a march on its competitors. Its latest, enterprising scheme is to put up a world-scale ethylene plant in the UK—ethylene is the so-called building block of the chemical industry, used in a wide range of products including plastics and solvents.

Dow wants to build the plant at Nigg Bay on the Cromarty Firth in Scotland and it wants to use North Sea gas as a raw material. The reaction of its competitors to this initiative has been more than usually venomous. BP Chemicals, Imperial Chemical Industries and Shell Chemicals UK complain that the Dow plan could undermine their North Sea feedstock supplies in the longer term and could also "ruin" their markets. The three are determined to block it.

But behind the overt attack on Dow lies the much wider issue of who should build and control the proposed £1bn gas gathering system in the North Sea. The struggle for shares in the projected 400-mile long gas pipeline is now heating up and

Those who win a stake in the pipeline will expect rights to the gas

The participants include not only Dow, BP, ICI and Shell but also the U.S.-based Mobil, the British Gas Corporation, outside financiers and the Department of Energy.

Those who manage to win a hefty stake in the pipeline can also be expected to gain rights over the gas coming out of it onshore. This means that if BP, Shell and ICI obtain sufficiently large shares in the line, the three of them together will be able to kill Dow's plans stone dead and divide up the spoils of victory—in the form of North Sea gas for petrochemical feedstocks—between themselves. The question is whether or not the British triumvirate will be able to bring off the coup.

Mobil and the British Gas Corporation have completed a £1m feasibility study of the proposed line which would gather gas from a large number of North Sea fields. The study, expected to be made public soon, is known to recommend that the pipeline should be built and the Government is virtually certain to give the project the go-ahead. (BP is to present to Government "within the next few weeks" details of its own studies into what it describes as a more comprehensive gas gathering network.)

BP, Shell and ICI are understood to have their plans—albeit somewhat sketchy—now for using these natural gas liquids.

What is holding up a final decision on the Mobil/British Gas scheme by Mr. David Howell, the Energy Secretary—who has not become known for impulsiveness during his year in office—is the thorny problem of how the pipeline should be financed. One area of major difficulty here is the role to be allotted to the British Gas Corporation.

Once gas from the projected pipeline is brought ashore it will be split up into its various component streams—methane, ethane, propane, butane and other natural gas liquids (NGLs). It is thought that as much as 80 per cent of the gas borne by the new line will be methane, which is the natural gas used to power plants and heat homes and factories. As such it is the monopoly preserve of British Gas which will take off the methane stream and feed it into its system.

The corporation therefore has a strong case for demanding a substantial stake in the consortium that will build and run the pipeline. But the Treasury is understood to be worried about the implications for the Public Sector Borrowing Requirement of giving the corporation a large slice—more than 50 per cent—of the action.

British Gas, with its embarrassingly high profits—likely to be in the region of £600m this year—would have little difficulty in raising the funds to meet its share of the pipeline's costs. Nor is there any reason to doubt its ability to honour its debts. But, theoretically, the Government would have to underwrite major loans to the corporation.

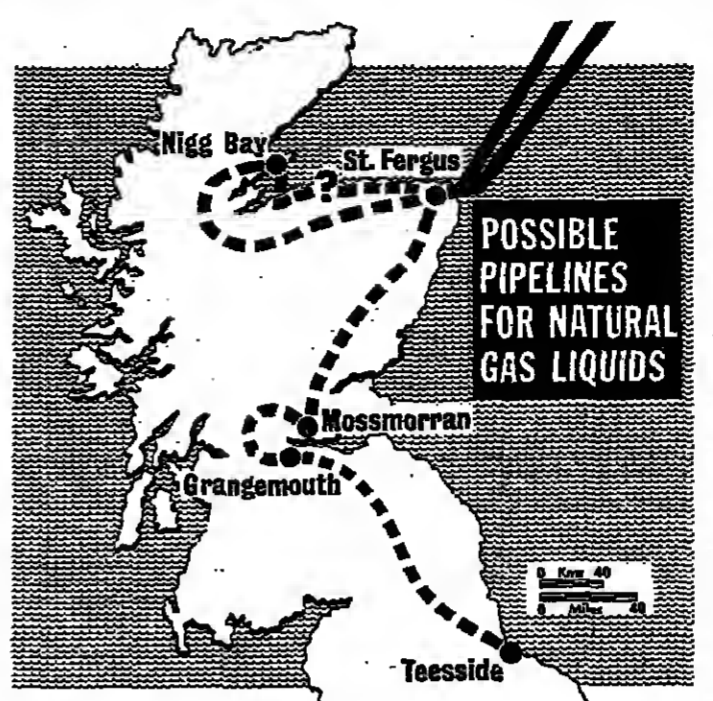
In the current political climate, this little technical difficulty is assuming awesome proportions. Nationalised concerns, profitable or not, have long since ceased to be Whitehall pets. Mr. Howell is standard has been told by the Prime Minister that a new North Sea gas pipeline is an excellent scheme—provided the Government does not have to pay a penny towards it in any shape or form.

But if British Gas is given only a small interest in the pipeline, Mr. Howell will have to find others to fill the £1bn to £1.5bn breach. Enter BP and Shell, with their chemical subsidiaries, and ICI which already has a profitable stake in the North Sea via its 19.2 per cent interest in the Ninian field.

There are signs that the British-based threesome would be happy to take substantial shares in the offshore gas line—on certain conditions. Their first demand will be that British Gas must be made to pay a decent price for its methane. But they are also likely to insist that there is no chance of any ethane, propane or butane finding its way into the hands of Dow Chemical.

BP, Shell and ICI are understood to have their plans—albeit somewhat sketchy—now for using these natural gas liquids.

By SUE CAMERON, Chemicals Correspondent



They seem to be thinking in terms of a land line from St. Fergus, the likely terminal for the North Sea pipeline, down to Mossburn in Fife, where Shell and Esso are jointly building a gas separation plant plus a £300m ethylene cracker.

The Shell/Esso ethylene plant will use gas from the North Sea's Brent field as a raw material. But it could make use of ethane coming down from St. Fergus as well.

The idea is that once Shell has taken its allotted share of gas at Mossburn, a further line should carry the rest of the ethane, propane and butane down to Grangemouth, where BP Chemicals has an ethylene plant. At present the plant uses only the oil-based naphtha as a raw material but it could be converted to take 50 per cent of its raw material in the form of gas.

The advantages of using gas instead of naphtha to make ethylene are considerable. Gas is cheaper and more efficient. What is more, much of the naphtha now used in the UK

has to be imported. The BP-Shell-ICI scheme would therefore cut the UK chemical industry's import bill.

The fuel part of the triumvirate's plan—and the least definite—is to take their gas line farther down to Wilton on Teesside, where ICI has a huge petrochemicals complex. ICI and BP Chemicals have just opened a new ethylene plant at Wilton, which is already using gases for 10 per cent of its feedstock. The two companies would like to run the plant on 50 per cent

natural gas liquids—if they could lay their hands on them.

The three UK-based companies believe their scheme would help the British chemical industry to fight off foreign competition—particularly from the U.S. where producers have the double advantage of Government-controlled energy prices plus plants that are geared to use the highly economic ethane as a raw material for making ethylene.

The implication is that what is good for BP, Shell and ICI must be good for Britain. To give away UK North Sea gas to a company whose heart and headquarters are in Midland, Michigan, would be little short of treason—or so their pronouncements imply.

But the facts are that which ever company obtains the natural gas liquids on offer as feedstock will export much of the resulting ethylene. The UK market alone could never provide an adequate outlet for all the ethylene that may be produced from North Sea gas.

What is more, the Dow proposal for an ethylene plant at Cromarty would mean a £500m investment in the UK—at least twice the sum that would be involved in the triumvirate's pipeline scheme. A green field plant would also provide thousands of short-term jobs for construction workers, plus a smaller number of permanent jobs for chemical industry workers. There would be the possibility of yet further employment opportunities—at a later stage—when downstream plastics plants might be built on the site.

These points have been appreciated by Mr. Hamish Gray, Minister of State at the Department of Energy and MP for Ross and Cromarty. Mr. Gray's views on Dow Chemical are not known. But when it comes to

new ethylene plants in Scotland, he is keen as mustard. "If there is a decision to go ahead with the new, offshore pipeline, substantial quantities of natural gas liquids will be made available—enough to support one, and probably two, world-class ethylene crackers," he said at the Offshore Technical Conference in Houston, U.S., earlier this month.

Two crackers? Is not enough

for flying at the mere mention of one? Dow certainly thinks so. "We are shocked by these attacks on us," one of its officials wails. "We view them with horror. Dow has been looking at the North Sea for 10 or 15 years and we are a local producer with two factories in the UK. Yet now some of the British-based companies are acting as if someone had sent to the Maries."

"We haven't done anything underhand or secret. We've simply bought a piece of land on the Cromarty Firth—though judging by the reaction, we must have made a good buy."

One reason why Dow is so cordially disliked is that it plays the market aggressively—and with considerable skill.

In the days before Iran cut its oil exports to the West, one of Dow's more cashish habits was to buy spot market naphtha at prices far lower than those obtaining on the contract market. It was then able to undercut its competitors on product sales.

When the Iran revolution and its aftermath sent spot market prices soaring, Dow was forced to call for a halt to what it described as the "You got us, so now we'll get you" syndrome. The rest of the industry listened to its pleas with great glee and little sympathy.

Having been bitten by the oil and oil products crisis of last year, Dow is now taking steps to ensure greater security of feedstock supplies for itself. Its proposals for Cromarty are part of this overall policy.

One of the three British-based chemical majors claims that Dow has "upstaged" its UK counterparts by putting in early plans for the development of Nigg Bay. That admission suggests that what BP, Shell and ICI are really disturbed about is being beaten to the draw.

Dow's detractors are perhaps on stronger ground when they hint that the U.S.-based group may export valuable NGLs from Scotland to its chemicals complex at Terneuzen in the Netherlands and may never build an ethylene plant at Cromarty at all.

The U.S.-based group put in a planning application to build a £150m gas separation plant and storage tanks and a terminal at Nigg in February. But only this week has it formally applied for permission to put up an ethylene cracker.

Yet the UK Government could make the construction of an ethylene plant at Cromarty a condition of Dow's being given

a stake in the new North Sea gas gathering system and the NGLs it will carry.

The Cromarty Firth is certainly proving attractive as a plant site. Highland Hydrocarbons, a little-known Scottish group headed by Sir John Tootill, former chairman of Ferranti in Edinburgh, is believed to have applied for permission to build a gas separation plant at Nigg Bay. And in a desperate effort to keep itself in the running, is firing off planning applications—mostly for plants on Dow's land—as if there were no tomorrow. It says it wants to build a gas separation plant at Nigg—and a substitute natural gas plant at St. Fergus.

One of the most powerful arguments which Shell, BP and ICI have put up against the Dow plan is that another world-scale plant at Cromarty would add to Europe's existing overcapacity for the production of ethylene. The result could be weak prices which would hit hard at all producers.

A report published earlier this year by Shell International Chemical forecast that European petrochemical sales would

Most big companies admit that talk of "ruin" is a gross exaggeration.

grow at the rate of 4 per cent a year over the next decade—a comparatively optimistic estimate. Experts within the industry reckon that no extra ethylene capacity will be needed in Western Europe until 1989 at the earliest if an annual 4 per cent growth rate is sustained.

But they concede that the availability of secure feedstock supplies in a politically stable country—in this case the UK—could make the early building of another world-scale ethylene plant worthwhile despite the undesirable impact of overcapacity.

Even with a large number of small plants closing, overcapacity would still hurt the major ethylene producers. But most of the big companies privately admit that talk of "ruin" is a gross exaggeration.

Shell Chemicals UK has approached Dow with a view to offering it a stake in the emerging Mossburn petrochemicals complex. Cynics in the industry suggest that Dow has all along been hoping to "shochorn" itself into the UK's North Sea petrochemical feedstock bonanza in just such a manner.

As a method of stopping Dow's plans for an ethylene plant at Cromarty, the oil-branch approach seems more likely to be successful than chauvinistic attacks by the British chemical producers. It is possible that a final showdown could yet be avoided. But it looks increasingly likely that Dow will build at Nigg Bay.

MEN AND MATTERS

Coming clean at the carwash

Ministerial interventions, million-plus transfer fees and the wheeler-dealing in Whitehall behind Ian MacGregor's induction into British Steel may have been somewhat over-played. As I learned yesterday, the man who finally tipped the scales and persuaded the man-of-the-moment to depart the U.S. for his native Britain was an Andrew Railton, chief executive of Andur Car Wash.

Enlightenment came in the unlikely surroundings of a Press gathering for the launch of the 100th Guardsman carwash to roll off Andur's production line. MacGregor and Railton, I was told, were laddies together in the Highlands and have been friends for many years.

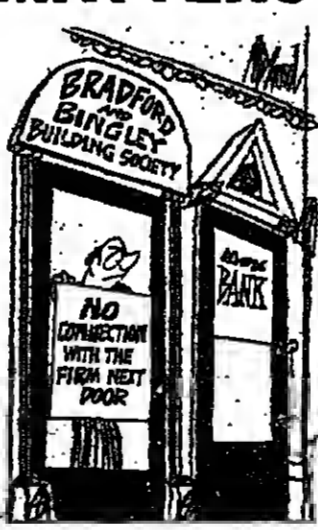
And it was Railton, the chairman designate admitted, who convinced him that he should allow himself to be taken on board by the Government's press gang. Although MacGregor claims to be the world's "most atrocious" golfer, enjoying the sport for the fun of strolling with friends, his boyhood pal had persuaded him that there was another job for him before he devoted his time more fully to "brash" about in the rough.

"In any case, I have an advantage over most people," the 67-year-old drawled. "I am old enough to be totally expendable."

Muted flutters

Avstollah Khomeini was described by one Western observer the other day as "increasingly avuncular." How far this new-found friendliness extends it is difficult to judge from EC4, but it is perhaps reflected in a discreet relaxation of the usual prohibitions on gambling.

The old razzmatazz, along with the big screens, have come from the Farababad racetrack in eastern Tehran, but in a



faintly hopeless way the punters are doing their best to revive it. "Happily the Imam Khomeini has left us this," murmured one well-dressed woman placing her bets. "Otherwise life in Tehran is so boring these days."

For all that, betting is running at a relatively meagre £2,000 a day. One old habitué of the course felt things were bound to improve. Another took a less optimistic view: "It's not interesting any more. The bets are limited to 1,000 rials against 10,000 during the old regime. Nowadays," he observed languidly, "one bets more from habit than pleasure."

The social changes evidenced at Farababad are in many ways more interesting than the racing. The course was finished only a few months before the revolution, and the new regime has not yet succeeded in eliminating the "green" racecourse hierarchy: the green is for the modest, while the stands contain the well-off.

The luxury of the old regime remains incongruously intact in the stadium, with wall-to-wall carpeting, maroon sofas, soft benches, and the "people from

the North," the residential area of Tehran, reclining in them. But, says one of the women, "things are now more democratic; during the Shah's era, the track was reserved for track members—the rest bet on the outside."

Paper chase

They all laughed three years ago when Jimmy Carter declared war on Washington's red tape factories and established a curious body dubbed the Paperwork Commission. The conventional wisdom was that given the federal administration's propensity for churning out ever more forms at the drop of a White House edict, the inevitable result would be an even greater volume of paperwork.

The cynical laughter has faded, however, with the publication of a progress report on the first two years of the commission's work. Its euphoniously-titled inventory of Initiatives claims, for example, that the blitz on bums now saves the federal treasury's commercial customers about \$100m a year. The Comptroller of Currency has reduced by 40 per cent the amount of information demanded from banks.

The grand clear-out has also revealed dead wood beneath the redundant documents, and as a result industry has been blessed with a huge reduction—from 152 to a mere seven—in the number of rules in the Federal Trade Commission's code of regulations.

In sum, the report claims, judicious pruning has reduced the amount of federally imposed form-filling by 15 per cent. What a pity, then, that the Paperwork Commission should have found it necessary to spread its congratulatory catalogue over an immodest 172 pages.

Paine change

That all has not been well at Paine Webber, the third largest of New York's investment

houses, has been an open Wall Street secret for some months. So word that chairman and chief executive James Davant is to hand over his executive job to Donald Marron, end give up the chair next year, while not expected, has hardly come as a shock to the city.

Merely surviving the past decade on Wall Street has been an achievement in itself, so Davant's success in building the firm during that period into one of the leading security houses stands out.

After steadily absorbing smaller competitors, Paine last year swallowed Blyth Eastman Dixon to strengthen its investment banking side. The initial effect, however, was a severe bout of indigestion and "operational difficulties" stemming from this merger were blamed earlier this month for Paine Webber's second quarter loss of \$10.2m.

The task of curing the upset now passes to 45-year-old Marron who came in the firm in 1977 when it made a meal of the "research boutique" Mitchell Hulchins.

Incommunicado

The age of the microchip is in danger of being sabotaged by simple human inaptitude (or did you know that already?). For instance the Head of Communications Services at the soon-to-be-denationalised National Freight Corporation uses writing paper which carries neither address nor telephone number.

On a more bizarre note, the PT switchboard finally short-circuited yesterday under the voltage of telephone traffic. It was possible in dial out, but nobody could eat in. The managing editor telephoned the GPO for guidance. An official demanded the full details. "I'll call you heck," he said helpfully.

Observer

The secret of Tamdhu.

Tamdhu distilled in the Golden Triangle area of malt distilleries is a premium Speyside malt whisky which has that freshness that is so reminiscent of the Highlands.

THE HIGHLAND DISTILLERIES COMPANY LTD.



1500 1500

British industry on the rack

"WHAT IS going on is perfectly simple," said a merchant banker with good industrial contacts. "A board faced with a cash squeeze and with little prospect of profit is always pushed in the end to the same remedy: wind it up. British business is getting out of the internationally traded sector as fast as it can."

This bleak statement may sound melodramatic, but it does make sense of the rival forecasts now on offer. The National Institute, using a model based on past behaviour patterns—as all models must be—forecasts a fall of 2½ per cent in industrial output this year, levelling off in 1981. This, however, involves the virtual disappearance of trading profits in the non-oil sector, down from £15bn last year to £4½bn this year and £2½bn next.

The review admits that in such abnormal circumstances, "behaviour is likely to change"—and in particular that the squeeze on the corporate sector "may not be sustainable." The CBI, with its ear much closer to the ground, can pick up the "behavioural changes. It foresees a fall of 4½ per cent in output this year, accompanied by "frustrating" redundancies, "a further fall next year." This may itself well be a conservative estimate. Manufacturers do much of their business with other manufacturers, and it takes time for the news of a recession to spread from one order book to another. The Treasury's own model reportedly produced still stonier figures until its print-out was subjected to the usual hurrying of official "adjustment."

How, then, can ministers sleep at night, and appear the next day making apparently normal speeches? Their com-

fort is simply the belief that none of this is the Government's fault. Wages, as the National Institute firmly proclaims, are the core of the problem; and since the present Government regards wages as one of the things Governments cannot control—except through a belated stamp in the public sector—it can indulge in the luxury of blaming someone else.

Now it is true, of course, that more moderate wage settlements would ease some of our worst problems; but it would surely take the Red Queen, who recommended the practice of believing three impossible things every day before breakfast, to believe that this is the whole problem. The engine which is destroying British manufacturing is summed up in the first two

rates, and make any given exchange rate less destructive of competitiveness.

However, the gaps are so huge that it seems unlikely that even Mr. Callaghan's 5 per cent norm would have closed them altogether; and this leaves out of account the possibility that had we achieved a German rate of inflation in a North Sea economy, the exchange rate would be a great deal higher than it is.

In short, it is hard to escape the suspicion that troubles with interest rates and the exchange rate are partly or even largely due to things which the Government does control—to fiscal and monetary policy.

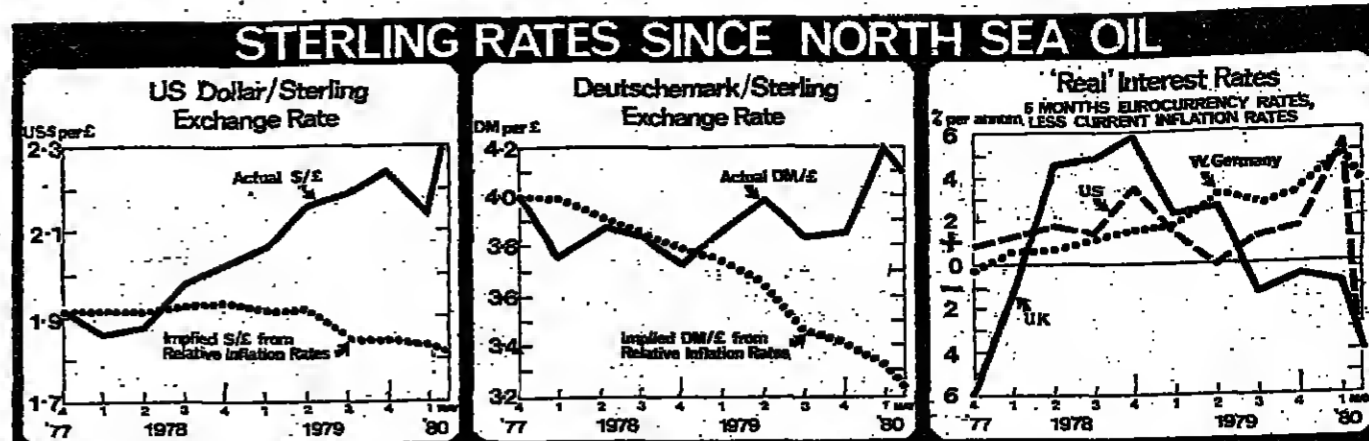
Now if we view the economy as a whole, certain shortcomings of Government policy are apparent. We have a rate of monetary growth nearly 10 per cent below the rate of inflation,

shows that whatever its intentions, the Government set out firmly in the wrong direction on the fiscal front. If we omit various window-dressing transactions—sales of assets, and advance payments of petroleum tax (PRT)—the public sector borrowing requirement (PSBR) rose from £9.3bn in Mr. Healey's last "electioneering" year to £11.4bn using one figure for the actual outturn. This increase of 22½ per cent is in no way consistent either with long-term strategy or with monetary objectives.

The contrast is even more striking if we look at the non-oil economy, which is after all where the trouble is concentrated. Here the rise in the PSBR was from £9.3bn to £12.2bn. There is a correction planned in the current year, when the intended non-oil PSBR will fall to £11.1bn—though the Treasury Committee is not the only body which is sceptical about this figure. There it is likely to remain stuck: future cuts depend on oil revenues.

That is not the end of the story. Monetary policy also has a different meaning when the non-oil economy is considered, because, while the oil industry is in surplus, it is piling up cash balances against its future tax liabilities. This means that there is correspondingly less money available for other domestic holders within the official targets. There are no figures available to quantify this effect, but it is safe to say that monetary policy is even more restrictive for the non-oil economy than the figures suggest.

In other words, fiscal and monetary policy could hardly have been better designed to produce the results which are now forecast. Fiscal policy virtually guarantees a sharp deterioration of the non-oil current



account; monetary policy ensures that it will occur in a depressed economy. A lower level of wage settlements would reduce the recession, but the fiscal balance suggests that we should achieve much the same balance of non-oil trade in a more buoyant economy.

A loss of market share and export markets is written into the script. As Mr. Terry Burns once put it, before he became the Government's chief economic adviser, under present policies we can only choose how we lose competitiveness through higher inflation, or through an even sharper rise of the exchange rate.

For the economy as a whole, of course, the policies look better balanced. The current account deficit is largely (but not entirely) offset by the improvement in the oil account. The PSBR is financed by oil revenues, and the prospect is merely unexciting—a 1 per cent growth rate, according to the Government, though the Treasury Committee is again sceptical. But again this simply conceals the fact that the strategy is designed not to

obtain extra growth from the North Sea, still less to obtain extra investment, but simply to substitute North Sea oil for other forms of output. It is small wonder that the unemployment prospect is horrifying.

Can this financial doomsday machine be stopped? The kind of emergency action on wages which the Government is beginning to contemplate can only be a partial cure, if this reasoning is correct. It is the extreme contradiction between fiscal and monetary policy which turns the rack on which industry is being tortured, and here the Government is painfully boxed in.

Distortions

However, a number of immediate steps can be suggested. First, in the monetary field, the distortions due to the very different financial balance of the oil and non-oil sectors can be reduced. The advanced collection of PRT last year was a genuine relief in this respect; further steps to alter the timing of payments, or at least the

issue of a special Certificate of PRT Deposit on irresistible terms would help to restore the balance and render monetary discipline strict, rather than intolerable.

Secondly, the over-cautious attitude to interest rates should be overridden. Monetary growth is now within targets, large companies are turning overseas for credit (thus financing the current account deficit), and policy is not irreversible. In a depressed economy, negative "real" interest rates are much more helpful to industry than fiscal "expansion", which simply intensifies crowding out. Although our basic problem, wage pressure, is quite different from the US problem of inflationary borrowing, and much less easily checked through monetary policy, we can still learn flexibility from the Fed.

Finally, the Government should seek every financial means of reducing the PSBR and of reducing its own presence in the main capital markets, and especially the fixed interest markets. Aggressive sales of national savings (transferring pressure from industry

to the housing market), low-coupon issues, tax-exempt short stocks for personal holders—all these would help.

Most promising of all, perhaps, would be a large-scale conversion of existing debt into some form which would be less burdensome to service, and reduce the need to borrow, like some banana republic, simply to pay debt interest (which now accounts for virtually the whole of the PSBR).

All these steps would help to avoid the need to resort to the quickest and most unpalatable ways to restore some balance—cuts in defence spending and higher income tax.

These are only first steps. The fact is that we have been heading firmly in the wrong direction not for a year, but ever since the North Sea began to produce. But the policies which will put that right, leading to a large current account surplus and a healthy non-oil economy, will take time. What we need now is a tourniquet.

Anthony Harris

Can this financial doomsday machine be stopped?

charts: an exchange rate which is progressively rising into unimagined levels of overvaluation.

The dilemma which the authorities believe they face is summed up in the third chart: interest rates which are irresistibly attractive to foreign investors are still extremely low in "real" terms. In other words, it is impossible to act interest rates at any level which will not drive up the exchange rate without making credit so cheap domestically as to surrender monetary control.

It might seem, that lower wages would ease these problems substantially. A lower rate of inflation would make it possible to achieve monetary restraint at lower interest

a programme which on the face of it implies very large distortions in the economy. Sir Geoffrey Howe's first Budget, which added several percentage points to retail prices by way of VAT and public sector charges, and thus widened this gap, is now generally regarded as a blunder. But at least, it is claimed, the Government is aiming in the right direction—spending cuts are being imposed to bring fiscal policy into line with monetary objectives, and so ease the pressure on interest rates and the exchange rate; and the medium term financial plan shows that our troubles are only transitional.

There may be something in this as a forecast, but the record

Letters to the Editor

Nasty medicine needed

From Mr. F. Whitehouse

Sir,—It's true that you don't pussyfoot around as much as most pundits in your May 24 leader analysis of why "in Britain it takes time" to throttle off inflation. But you do skirt around one or two vital factors.

In particular you leave a place for persuasion as one of the battle elements even though there is all the evidence in the world that it hasn't and won't ever work. You shrink the idea that discussion of something much more brutal is now unavoidable.

Probably because you can't get it into your head, nor can politicians of all parties, that ordinary working folk—on whom persuasion is expected to work—simply don't accept that inflation is their problem. Except to the extent that it forces them to develop industrial muscle to make sure it doesn't affect their standard of living or prevent them getting those small gains that come from "progress."

What's more, they don't believe any Party has the cure. Certainly anybody wanting them to accept lower factory margins, more efficient working practices and a reduction in living standards voluntarily as a means of routing inflation won't be heeded. Somebody will certainly have to hold their nose before they take that sort of medicine. Neither Wilson nor Callaghan could get it down their throats. What chance has Mrs. Thatcher?

All she can do if she is intent on scorching inflation in the short term is impose conditions on the economy that would leave no place for inflation and risk the consequences.

And here's the rub, she has the weapons to win, but dare she use them? In that bitter battle would she get anything like the total support of her own side? Especially when they began to think of the havoc it would create?

It is this question of cold feet about doing what's plainly needed that needs public discussion. We can live with inflation and talk about it until the cows come home, but can we live with the after effects of a cure that nearly kills the patient. Or is there no great risk and are we landed with our own brand of inflation simply because our leaders "chicken out" when it comes to being resolute about inflation?

Whitehouse,
225, Ecclesfield Road,
Chapelton, Sheffield.

The head printer

From Mr. O. Smedley

Sir,—I read reports of misgivings about the exclusive control exercised over economic policy by the Prime Minister and the Chancellor of the Exchequer and the lack of consultation with colleagues and other interested parties. Could this state of affairs, if it does in fact exist, derive in part from the provisions of the Currency and Bank Notes Act of 1954 which gave the "Lords Commissioners of Her Majesty's Treasury," by custom the Prime Minister, the Chancellor of the Exchequer and the three

Government Whips, who otherwise would have no salaries, the exclusive right to authorise increases in the fiduciary issue without reference to any other authority whatsoever?

There is, at present, no control at all by anyone over the growth in rate of the money supply; in any case, why should there be a "target for monetary growth" in an economy that is at least failing to expand if not yet patently contracting?

So long as the Government seeks to "bring inflation under control" by, as it were, trying to tie down the lid of the kettle instead of turning down the flame underneath, there is no possibility of their succeeding. The way to halt inflation is to stop printing what Hayek calls "basic cash" and I call "real money," namely the circulating medium or bank notes. So long as ultimate control over the printing of bank notes remains in the hands of the "Lords Commissioners of Her Majesty's Treasury" there is no hope for any of us. Someone in authority who understands this elementary fact, if there be such a person, should have another look at the "Currency and Bank Notes Act" of 1954 and propose amendments which will bring the volume of our real money supply back under the control of our elected representatives.

Mr. Oliver Smedley,
Albufeira, Algarve, Portugal.

Prosperity and inflation

From Messrs. D. Blake and P. Ormerod

Sir,—Peter Riddell's Lombard column (May 20) was, as one would expect, on the whole a fair and perceptive critique of our book "The Economics of Prosperity." We would raise only two points.

The first is the suggestion that we treat the forecast runs we made using the Treasury model as some kind of oracle giving infallible guidance. We do not do so. Any forecast of the future is bound to be hedged about with uncertainty, and in the book we constantly draw attention to the need for caution in using any economic models of this kind. There are no completely sure foundations for economic policy, but we do feel that half-sight is better than total blindness. And we are certainly aware of the re-appraisal going on of model-building techniques, a reappraisal which has included a perhaps over-hasty willingness in recent years to change the Treasury model to produce results unfavourable to the policies we advocate.

The second point concerns the argument that "the recognition that the package would raise the inflation rate in itself weakens" our case. What should we have done to strengthen it? We could have denied that there were any problems. This would have been consistent with the techniques of some of the more extravagant supporters of a high exchange rate, who told us that this would cut inflation with little or no harm to industry. Only now are some of them beginning to admit the problems for the manufacturing sector. We think it is better to look at a policy, warts and all, before it is adopted.

Mr. Riddell argues that there can never be a recovery in output without first getting inflation down. Why? Other countries have combined relatively high inflation rates with fast output growth. A belief that we should defeat inflation first and that output will then take care of itself has been at the back of the policies of deflation which have been tried in recent years. We seem to have ended up with the worst of all worlds. We have paid the price in terms of lost output and jobs and have not succeeded in getting inflation down. This is why a new approach to our earnings problems is needed. David Blake,
44, Narcissus Road, NW6.

consider what new things the staff—particularly secretaries—can do.

Miss F. M. Hulse,
Pitmans Colleges,
154, Southampton Row, WC1.

Cost of living

From Mr. D. Ellis

Sir,—I was delighted to read (May 22) the letter from Mr. R. Sholl as this subject has been a favourite of mine for many years.

The retail price index is commonly referred to as the cost of living index but I have not yet known of anybody ceasing to live because he did not possess a colour TV or a motor car. Even not smoking or drinking has not yet proved to be fatal although the converse is often claimed to be so—if we are going to include such non-essentials should we not call it the cost of dying index?

A genuine cost of living index would include such items as rent (or mortgage repayments), rates, food, gas, electricity and the cost of public transport. Certain "welfare" items of furniture and clothing must also be included but ladies' make-up and gents' fashion shoes should certainly not be incorporated.

With such an index there could be no objection to all pay being index linked, the difference, negotiable, being contributions towards the increase in the standard of living. D. Ellis,
25, Kinross Park Grove, Sheffield.

Flying from Glasgow

From Mr. J. Franccy

Sir,—I am indebted to Mr. Riddle for his reply (May 23) to my complaint at the withdrawal of a price which enabled me to fly to London on Sunday evening and return home by an early flight the following Saturday. This arrangement enabled me to arrive home lunchtime, sort out a few reports and be back in the bosom of my family, so to speak, by Saturday evening. To spend the full Saturday in London—either Saturday—would not only absorb any saving in costs but would put me in the "dog-bone" if I presented my wife with a week's dirty washing over Sunday dinner.

As for waiting hopefully for the last shuttle flight at either of both airports, getting to London or Glasgow in "anti-social" hours, the prospect does not appeal. No, sir, I remain unconvinced and continue to submit that yet another possible outlet for cost-conscious travellers has been plugged.

The situation that prompted my protest at the air fare increases, as shown from my bank records, is demonstrated by the figures.

As for return fare
February 1979 £ 48
May 1979 48
September 1979 56
November 1979 53
May 1980 94
In contrast I note that under certain circumstances a UK businessman can travel in the U.S. for 15 days unlimited for only £113. This is the sort of incentive that is lacking here. John B. Franccy,
59, Aytoun Drive, Erskine, Renfrewshire.

Yorkshire roads

From the Secretary,
Pudsey-Dishforth Motorway Action Group

Sir,—The letter from Mr. Watkinson (May 15) shows that old road builders neither die nor fade away. Unfortunately neither do they learn. The overwhelming balance of evidence at the recent inquiry into the Kirkhamgate-Dishforth (M1 A1 link) scheme (abandoned because of the filibuster by the west of Leeds supporters) showed that the west of Leeds route advocated by Mr. Watkinson was an environmental disaster and an economic non-sense that did not even solve the most serious traffic problems in the region. Perhaps Mr. Watkinson might now recant and join us in pressing the Minister to build as soon as practical the shortest possible link between the M1 south of Leeds and the A1 east of Leeds. W. H. J. Mordy,
22, Brewery Lane,
Bromhope, Leeds.

Irreplaceable secretaries

From the Executive Principal,
Pitmans Colleges

Sir,—Your survey on word processing (May 12) provided much interesting material but sadly, in many ways, seemed determined to instill fear about their future jobs in the minds of secretaries and those training as secretaries. Yes, the new technologies are going to change office work in the 1980s, but the true secretary has always been flexible in the approach to the job, prepared to tackle the new and unexpected as it arose.

The problem stems mainly, I think, from the misuse of the word "secretary." For instance, in your survey we read "the U.S. oil company Aramco is in the process of phasing out the secretary." It goes on to describe routine tasks which word processing equipment can now take over. Let us raise a cheer, because those chores should never have fallen to the lot of the secretary in the first place; any audio- or shorthand-typist could have done them.

We should be looking at the developments positively. Students recognise the value of word processors in the modern office. They see the new technology taking over many of their present tasks, but not putting them out of a job—rather freeing them for more interesting tasks of a truly secretarial nature which can offer a bright future. Perhaps before we consider in depth what the equipment can do, we need to

Today's Events

—A European approach, Manchester (to May 30).

Newspaper advertising conference opens, Brighton (to May 31).

Sir Peter Gadsden, Lord Mayor of London, receives Parisian postal officials, Mansion House.

Overseas: Deadline for negotiating new contracts with Iran when sanctions come into force.

EEC Agriculture Council meets, Brussels.

EEC Foreign Ministers meet, Brussels.

Brussels.

Plenary session of the EEC Economic and Social Committee, Brussels.

EEC Standing Committee on Employment meets, Luxembourg.

OFFICIAL STATISTICS

Investment intentions of the manufacturing, distributive and service industries (1980 and 1981). Energy trends.

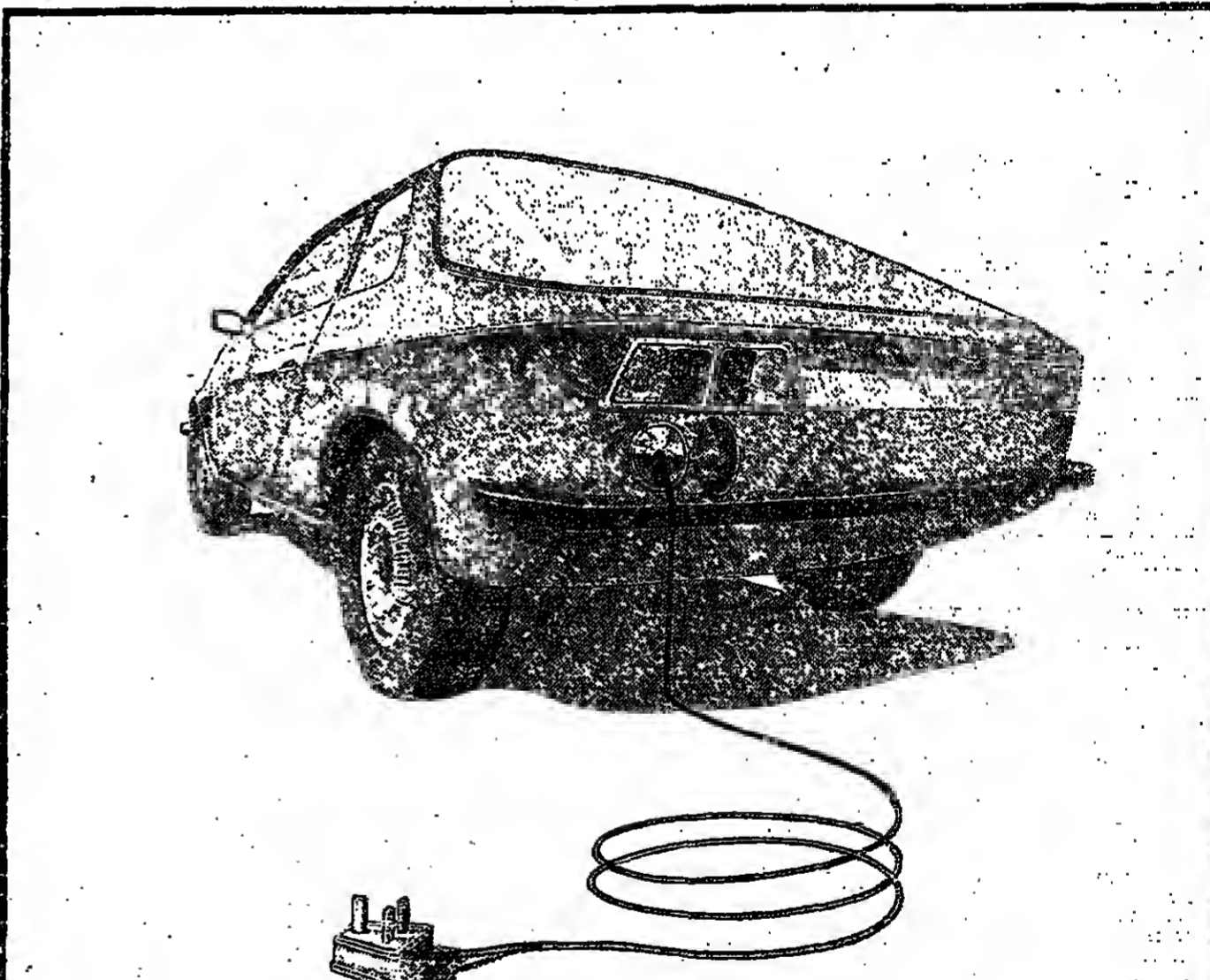
COMPANY RESULTS

Final dividends: Beecham Group, The Brunning Group, Buckley's Brewery, Copper Nail.

Coalite Group, Courtlands. The Exchange Telegraph (Holdings), Philip Hill Investment Trust, London Sumatra Plantations, Normand Electrical Holdings, Pyramid Group (Publishers). The Sangers Group, UBM Group, Warren Plantations Holdings, Young and Co's Brewery, Interim dividends: Thomas Borthwick and Sons, Sir Joseph Causton, Greenall, Whitley "A" ordinary, ICL Proprietors of Hays Wharf, Stag Line.

COMPANY MEETINGS

See Company News on page 27.



Go Steetley?

Yes—although we have both feet firmly in the present, our sights are fixed on the future—and our involvement with the development of the electric car is part of the story.

As one of Britain's top hundred companies, our huge world-wide mineral-based chemical and materials supply operation is also vitally important to many other industries including construction, ceramics, metals, agriculture, glass, oil and engineering.

But our contribution to one of tomorrow's transport alternatives is still considerable.

We help produce everything from the materials of which electric vehicles are made to the battery acid and the roads on which they run.

Steetley also supply furnaces and a host of special materials and skills for metal refining, forming and finishing as well as a wide range of products upon which the engineering and construction industries depend.

STEETLEY

—products for the world's industries

The Steetley Company Limited, Gateford Hill, Worksop, Nottinghamshire S81 8AF, England.

Spring Grove 26% up halfway

TAXABLE PROFITS of Spring Grove Services, the contract cleaning concern which came to the market last December, rose by 26 per cent from £1.3m to £1.64m in the half-year to March 28, 1980. Interest increased to £369,000, against £224,000.

The directors say that while they see no reason to change the estimate in the prospectus of £3.6m full-year profits before tax, the present business conditions will certainly make it a more difficult task to achieve.

There is an interim dividend of 1.5p net — a total of 4p was forecast in the prospectus. Earnings per 10p share are shown ahead from 4.46p to 5.6p.

The attributable balance came through higher at £1.26m, against £1.2m, after tax of £187,000 (£188,000) and an extraordinary debit of £190,000 this time representing flotation cost. Turnover rose by £2.03m to £11.7m.

The directors say that during the half-year the company has continued the developments outlined in the prospectus except that the sale and leaseback of the Henley premises has been deferred since there is adequate working capital available without this at present.

The progress towards the mechanisation of towel processing and the computerised workwear handling systems at Chesham and Dagenham are running according to plan.

A fire in one of the company's Dutch laundries meant that most of the equipment had to be replaced. The installation of up-to-date machines has enabled the company to accelerate the planned reorganisation programme.

Southend Stadium
Southend Stadium increased pre-tax profits for 1979 from £143,673 to £145,238.

At the interim stage the company announced a pre-tax figure of £3,085 lower at £52,399.

Dividend for the year is 0.427p (0.385p).

Tate & Lyle holds ground

FOR the first half year ended March 31, 1980, trading profits of Tate & Lyle increased from £10.8m to £16.4m. However, exceptional credits of £4.9m in the previous half year, higher interest and lower associates' results leave the pre-tax figure at £12.2m, compared with £11.2m.

Lord Jellicoe, the chairman, says the UK and overseas trading climate remains difficult but the group is maintaining pressure to improve competitiveness and strengthen the financial base and is making progress.

"I would not however underestimate the challenge posed to our timetable for profit recovery by high interest rates, increased energy costs and the effect on world trade of the troubled international scene," he states.

The 1979 first half results have been restated in line with the presentation in the 1979 annual report and have been adjusted for exchange rates at September 30, 1979, and to state the profit of the raw sugar company at half the actual result for 1979.

Stated earnings per £1 stock unit are 10.5p against 13.5p. An interim dividend of 4p is declared, this being the first year for which the group is adopting the pattern of a single interim followed by a proportionately higher final.

In 1978-79, a first interim of 2.5p was followed by a second interim of 4p and a 4p final.

On sugar production and refining, the chairman says that the future health of UK sugar refining will depend on either the UK beet quota being reduced or on the export of surplus production of domestic beet sugar to allow room in the UK market for the African, Caribbean and Pacific (ACP) cane sugar production which is guaranteed entry under the Lome agreement.

The unpalatable alternative is further rationalisation which the group is doing all in its power to avoid.

The EEC's delay in resolving the problem of excess beet sugar production in the Community is already seriously affecting profitability of the group's UK cane refining operations.

The Board continues to urge the British Government and the EEC authorities to take prompt action to remove fair competition and honour the intentions of the treaty of Lome.

The agribusiness side turned in losses of £2.7m against a trading profit of £2.3m on turnover

of £11.4m (£26.9m). The chairman says the engineering and consultancy division results were disappointing due to delays in award of contracts and high completion costs on certain existing contracts.

Commodity trading worldwide improved from £7.7m to £15m on turnover of £301.2m (£230m). Molasses trading continues to do well with United Molasses related activities having an excellent year.

UK shipping activities improved from a reduced £0.8m to £1.3m. Turnover was £3.3m against £4.9m—capital employed in shipping is much reduced and the three remaining ships are trading well in an improved market, the chairman stated.

	1980	1979	1978-79
Turnover	£301.2	£230.0	£154.4
Trading profit	16.4	10.8	30.1
Finance income	7.7	4.9	5.4
Assoc. share	0.5	2.3	3.8
Profit before tax	9.2	11.2	26.2
Tax	2.8	3.3	11.8
Net profit	6.4	7.9	14.6
Minorities	0.7	0.1	0.8
Amortisation	2.8	1.3	1.3
Dividends	2.2	1.4	5.8
Retained	4.2	6.4	11.8
Reinvested	12.4	11.4	11.8
Research and development	1.2	1.4	1.8

Lex, Back Page

Associated Sprayers rises 15%

Taxable profits of Associated Sprayers, manufacturer of garden sprayers and clothes drying aids, rose by 15 per cent from £187,000 to £215,000 for the first six months ended February 29, 1980, after interest up from £10,000 to £17,000.

Turnover was 16.5 per cent ahead at £3.43m (£2.94m).

The directors say that trading continued to be dull in March and April and much will depend on demand during the last four months of the year.

Tax during the period was £112,000 against £97,000 previously. The interim dividend is 0.5p net, the same as last year, after adjustment for a one-for-one scrip issue. Last year's final was an equivalent 0.75p. Dividends have been waived this time on 949,518 shares.

Profits before tax for 1978/79 were £622,800 (£397,500).

HIGHLIGHTS

Lex looks at the half-time figures from Bass, where a useful 30 per cent trading profit improvement has been trimmed back by higher interest charges. The company claims an increase in market share. After exceptional items have been taken into account Tate and Lyle's interim profits are slightly higher but uncomfortably dependent upon commodity dealing. Lex also looks at the decision by Lloyds and Scottish to finance its takeover of U.S. factoring company, Jamea Talcut by an equity placing and discusses another issue yesterday with a rights from Brown and Jackson.

Record for Jackson Group

DESPITE only breaking even in the first four months, weather related completions and increased costs, Jackson Group, civil and mechanical engineer, finished 1979 with record pre-tax profits of £574,194 compared with £534,768. Turnover rose from £10.78m to £14.6m.

The dividend is lifted from 3.63p to 4.2p net with a final of 2.75p and a bonus of £33,687 (£25,956). Stated earnings per 10p share are 28.2p (17p).

The surplus is struck after net interest charges more than doubled at £163,577 against £75,097, but before tax of £13,263 (£7,537).

All the group's trading subsidiaries made a positive contribution to profits in 1979, state the directors, and there are indications that they are continuing to maintain a high level of sales and profit in the current year.

Jackson Group's shares are traded on the over-the-counter market made by M. J. H. Nightingale and Co.

Confidence at Lamont Hldgs.

AN OPTIMISTIC forecast for 1980 is made by Sir Desmond Lorimer, chairman of Lamont Holdings, the Edinburgh-based investment holding company with interests in engineering.

In the annual report for 1979, when the company made record profits, Sir Desmond says: "We managed to overcome numerous difficulties and feel confident that we can cope with the problems of 1980."

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ISSUE NEWS Brown & Jackson £3.8m cash call

BROWN and JACKSON is raising £3.8m net of expenses, by way of a rights issue of 3.33m 20p shares at 115p a share. The new shares will be offered on the basis of one for every three held. In the market, the price fell 10p to 183p.

Sterling Holdings, which has a 27.4 per cent interest, has irrevocably undertaken to take up its entitlement of 491,438 shares and the balance is being underwritten by Rowe and Pitman.

An extraordinary general meeting will be held on June 13 to increase the company's capital from £4,350,000, which is insufficient for the issue, to £5,250,000.

Dealings in the shares are expected to begin on June 16.

The company says the purpose of the issue is to allow the board to proceed with its acquisition policy without increasing the company's gearing. The board is actively investigating several possible acquisitions which would be significant in the development of the company. These investigations are at an early stage and no firm proposals have yet been made.

The board states that the economic background in 1980 is not as good as in 1979. However, the group has a sound base of widely spread activities allied to a highly motivated and experienced management in each company and this should lead to a satisfactory level of profits for the current year. The board expects to at least maintain the dividend of 9p net on increased capital this year.

Principal activities include building and civil engineering contracting and toiletries and knitwear distribution.

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Westland Utrecht listing

Trading in bearer depositary receipts for the shares of the leading Dutch mortgage bank, Westland / Utrecht Hypotheekbank, is to begin today on the London Stock Exchange.

In addition to providing mortgage loans, the bank is diversifying into property development—not only in the Netherlands, but also in West Germany and other European countries. It meets its substantial debt capital needs partly through private placements with Dutch institutions and partly through the operation of a regular tap of five-to-eight year mortgage bonds.

The BDRs traded between Dfl 436 and 328 last year, and between Dfl 343 and 259 so far this year.

Under the bank's articles of association, no person may acquire more than 1 per cent of the 962,025 issued shares of the bank. No such limit exists, however, for the BDRs as the holder obtains only the financial rights of the related shares while the legal and beneficial ownership remains with the depositary.

BDRs are issued in denominations representing one, four and 20 shares of Dfl 50 each. The aim of the London listing, which follows offers in Antwerp, Brussels, Düsseldorf and Frankfurt recently, is to stimulate foreign demand for the bank's BDRs and mortgage bonds.

London Life bonus rates

An unchanged terminal bonus rate of 42 per cent of existing reversionary bonuses has been declared by the London Life Association for death claims, maturity claims and vesting annuities in the six months from July 1, 1980, on its reversionary bonus series. But it has lifted the maximum bonus payment from 50 to 65 per cent of the basic benefit.

On simple bonus pensions, the rate is maintained at 30 per cent of existing bonuses.

The rates are also unchanged on the company's reduction of premium contracts at 0.78 per cent of the sum assured for each complete year for the 68th series, but with a maximum of 28 years, compared with 27 previously.

On the 69th and later series, the rate is kept at 0.825 per cent of the sum assured for each year in force.

SPAIN	May 28	May 29
Banco Bilbao	208	+4
Banco Central	236	+4
Banco Exterior	210	+3
Banco Hispano	328	+3
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	252	+5
Banco Urquijo	130	
Banco Vizcaya	217	
Banco Zaragoza	200	
Oragoza	86	+1
Espanola Zinc	60	+1
Fin. 61.2	60	
Del. Preciados	26	
Industria	86.6	+0.3
Industria	62	
Petrolas	111	
Petrolas	59	
Sopros	107	
Telefonos	54.6	+0.5
Union Elect.	86.7	+0.5

Inflation outstrips sales growth and Dunhill falls £4.3m

WITH sales growth, from £53.61m to £55.55m, failing to outpace world-wide inflation, taxable profits of Alfred Dunhill slipped from £10.76m to £6.47m in the year to March 31, 1980.

The directors report that the strength of sterling has continued to adversely affect the value of both UK product invoices in foreign currencies and overseas subsidiary profits.

Additionally, in the second half—which produced profits of £2.91m (£5.57m)—the weakness of the yen curtailed Japanese consumer spending, both at home and abroad.

However, it is pointed out that no significant income has been brought into the accounts in connection with the investment in Asprey—the profit on sale of which will appear in accounts for the current year.

Earnings per 10p share are stated at 51.4p (61.9p) and the final net dividend is 5.80p (6.15p) for a 11,800,15p (£8,800,15p) total. After the cost of dividends, £3.29m (£4.37m) was retained. The company manufactures cigarettes, tobacco, smokers' requisites, writing instruments and fashion products.

comment

The disappointing figures from Dunhill indicate that the rich are not immune from the ravages of inflation. Sales have stagnated because of poor tourist traffic and a weak Christmas period, while the strong pound has eaten into earnings. Foreigners have less money to spend in London, exported goods cost more locally and translated earnings are diminished. Second-half profits have been almost halved and

would almost certainly look worse but for the cigarette royalty from Rothmans, which was probably little changed from the £1.3m earned in the full 1978/79 year. In the current year, there will be a welcome exceptional gain from the sale of the Asprey stake, which will have cost Dunhill heavy interest charges on the cash paid last year, with virtually no dividend compensation. New products, particularly clothes, continue to do well but Dunhill is unlikely to re-establish its enviable margins (17 per cent in 1979) until the international economy picks up. The shares fell 10p to low reported tax charge, they trade on a p/e of 5.9. As a guide this is in line with the stores sector average, whereas the yield of 5.5 per cent is distinctly below par.

Monks Trust revenue up

PRE-TAX revenue of the Monks Trust, which rose from £24.4m to £29.9m in the year ended April 30, 1980 and the directors recommend a final dividend of 1.25p plus a special 0.15p payment in respect of non-recurring dividends from oil companies.

This lifts the year's total from 1.55p to 2.4p. Stated earnings per 25p share are up from 1.9p to 2.51p, an increase of 33 per cent.

DIVIDENDS ANNOUNCED

Assoc. Sprayers	Current payment	Date of payment	Corresponding div. for year	Total last year
Barlows	0.5	July 5	0.5*	1.25*
Bass	4	July 10	7.87	4
Bass	2.3	July 18	2.1	7.8
Caravans Int'l.	Nil	—	2.42	5.42
Alfred Dunhill	5.99	July 31	5.73	11.99
Gas Stockholders	1.2	July 18	1.0	3.7
Headlam Sims	1.36	July 1	0.5*	2.16*
Jackson Group	2.75	—	2.18	4.2
M & G Second Dual	3.25	July 17	2.71	7.05
Monks Invest	1.25**	July 30	1.25	2.25
New Throgmott Tsl.	0.9	July 23	0.78	1.83
Southend Stadium	0.43	—	0.39	0.43
Spring Grove Serv. Int.	1.5	June 25	Nil	—
Stag Line	Nil	—	Nil	—
Tate & Lyle	4	—	5	10.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. **On capital increased by rights and/or acquisition issues. †Maximum permitted final of 5p forecast. ‡First interim of 2.5p followed by second interim 4p. §Total of 4p already forecast. ¶Including special dividend 0.8p net. ** Plus special non-recurring dividend of 0.15p.



SUN ALLIANCE INSURANCE GROUP

ANNUAL GENERAL MEETING

The Annual General Meeting of Sun Alliance and London Insurance Limited was held yesterday at the Head Office of the Company in Bartholomew Lane, London, EC2.

Lord Aldington, the Chairman, presided and in addressing the Meeting stated—

"As you will know, it is my custom at the Annual General Meeting to give some indication of our progress since we reported our annual results.

Our underwriting so far this year appears to have met similar conditions to those of our principal competitors and, in the absence of severe weather, our results have shown some improvement on 1979. The difficult underwriting conditions to which I referred in my Statement, and especially the effects of increasingly high rates of inflation, remain all too evident and there has been further deterioration in several important sections of our business both at home and abroad.

Our investment income has continued to benefit from high interest rates and has shown good growth in the first quarter."

A Vote of Thanks to the Directors and Staff was proposed by Sir Raymond Potter.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 9EB Telephone 01-621 1212

1979-80	Company	Price	Change	Div	Yield	P/E
39	50 Airprun	82	-1	6.7	10.8	3.71
50	26 Amstago and Rhodes	34	-1	3.8	11.2	2.27
27	185 Bardon Bull	277	-1	13.8	5.0	8.17
100	70 County Cars Int'l. Pl.	78	-1	15.6	10.8	3.71
101	63 Osborn Ord.	80	-1	5.0	5.4	10.2
125	58 Frank Hovell	123	-1	7.9	8.4	7.8
129	98 Frederick Parker	122	-1	16.5	15.7	4.51
156	102 George Blair	105	-1	5.2	7.1	4.37
153	105 James Burroughs	109	-1	10.5	10.5	3.92
390	242 Robert Jenkins	297	-1	31.2	10.5	8.51
232	175 Toray	225	-1	12.1	6.4	5.91
34	114 Twynlock Ord.	124	-1	12.0	18.4	5.41
80	70 Twynlock 12% ULS	73	-1	2.6	5.4	10.2
58	73 Unilever Holdings	48	-1	4.4	4.7	8.1
50	45 Unilever Holdings New	45	-1	4.4	4.7	8.1
88	42 Walter Alexander	52	-1	12.1	5.8	3.47
210	136 W. S. Yeates	218	-1	12.1	5.8	3.47

† Accounts prepared under provisions of SSAP 15

AN UPWARD TREND MAINTAINED: ENNIA PROFITS RISE BY 26%.

A REVIEW OF 1979

This was another satisfactory year for Ennia, one of Holland's leading insurance groups, with expectations well fulfilled. Gross receipts and profits were both up on the previous year.

Though our activities are largely in the field of life and general insurance, we have diversified into financing consumer credit and housing; into property investment and development; and into holiday site rental operations.

Overseas, we have offices, affiliates and subsidiaries in Britain, Belgium, West Germany, Ireland, North and South America, the Caribbean, the Middle East and Singapore—contributing 23% of our gross receipts during the past year.

RESULTS IN BRIEF

Profits after tax for the entire Group were up by 26% to Dfl. 69.9 million after Dfl. 10 million had been added to the catastrophe reserve compared with Dfl. 55.5 million in 1978.

This follows a consistent pattern of growth over the past seven years, and follows expansion plans which are successfully coming to fruition.

Total receipts also rose, from Dfl. 1,989 million in 1978, to Dfl. 2,231 million last year.

ANNUAL RESULTS 1975-1979 in Dfl. million

	1979	1978	1977	1976	1975
Gross premium life assurance	735.5	651.5	716.3	607.8	743.5
Gross premium general insurance	653.5	609.5	505.7	414.6	380.7
Other income	755.7	651.6	365.4	454.9	356.0
Gross receipts					
unconsolidated company	87.0	76.8	62.3	46.8	—
Gross receipts	2,231.7	1,989.4	1,849.7	1,524.1	1,480.2
Per Ordinary Share Dfl. 20†	Dfl.	Dfl.	Dfl.	Dfl.	Dfl.
Shareholders' funds	268.55	259.37	247.45	219.17	223.99</

UK COMPANY NEWS

Bass profit goes over £50m at half-time

RISE of £5.8m in taxable profits to £50.1m for the 26 weeks to April 12, 1980, is reported by Bass. Sales increased from £58.8m to £62.8m.

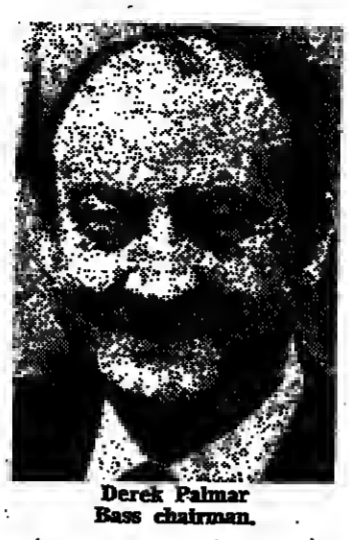
The directors say beer and soft-drink sales showed satisfactory growth in the first half but that profits for hotels, wines and spirits were below expectations.

The pre-tax surplus was struck after higher cost of borrowing at £3.8m, against £5.7m.

The net interim dividend is 2.5p (2.7p)—last year's total was 2.5p, paid from taxable profits of £11.1m. Half-year earnings per share are given at 12.3p (12.6p).

The available balance emerged £0.5p lower at £34.5m, after tax of £3m (£5.9m), minorities and preference dividend.

Capital expenditure during the period was incurred on fixed



Derek Palmer
Bass chairman

	26 weeks 1979-80	1978-79
Salop	62.8	58.8
Employees share scheme	1.9	1.4
Depreciation	19.8	18.0
Plant, machinery & J&S	4.4	3.7
Prop. inv. disposals	3.2	4.2
Trading profit	58.7	50.0
Cost of borrowing	3.8	5.7
Profit before tax	54.9	44.3
Tax	15.0	8.9
Net profit	39.9	35.4
Minorities	0.2	0.2
Prof. dividend	0.2	0.2
Available	34.5	35.0
Ord. dividends	8.4	8.8
Retained	26.1	26.2

Stag Line cuts loss midterm

PRE-TAX losses of Stag Line, shipowner, were reduced from £483,006 to £121,189 in the six months ended April 30, 1980, and the directors expect a return to profits for the full year.

A lower second half loss last year of £206,295 left the deficit for 1979/80 at £899,301, and they said that the group had started to pull out of a slump.

It is now anticipated that if freight rates are maintained, the current year could show a modest profit after depreciation and loan interest, which this time amount to £256,614 (£258,000) and £152,581 (£168,274) respectively. First-half turnover rose to £1.71m (£1.06m).

There is again no interim dividend, but the directors expect, as last year, to pay a net final of 5p—the maximum permitted under the terms of a deferred loan capital repayment agreement imposed by the Department of Trade.

The six months loss includes investment income of £57,290 (£81,000) and there is again no tax charge—the stated loss per £1 share is reduced from 39.15p to 9.32p.

Comparatives have been adjusted following a change in deferred tax policy.

Caravans Intl. incurs loss in first half: interim omitted

REFLECTING losses at the Newmarket plant and at the German subsidiary, Caravans International incurred a deficit of £302,200 in the half year to February 29, 1980 compared with £283,400 profit in the same period last year. Turnover amounted to £38.29m against £34.86m.

The directors are omitting the interim dividend—last year a 12.2p interim was declared and the year-ended a 3p final was paid from pre-tax profits of £1.1m.

The first half loss is after depreciation of £368,000 (£314,100) and interest of £558,300 (£481,200) but before a tax charge of £338,900 against £345,400. The attributable loss is £1.15m against profits of £1,614,400 after £232,400 (£101,400) minorities and an extraordinary debit of £356,300.

The debit consists of redundancy costs and the associated industrial dispute connected with the major re-design and re-equipment of the Newmarket plant. As a result of the reorganisation, a significant part of that plant has become surplus to requirements, the directors say.

The directors say the first half was an extremely difficult one for the group's European companies. The South African subsidiaries however earned substantially increased profits.

Current indications are that in the remaining six months of the year the European companies will make a profit and that the South African subsidiaries will earn increased profits.

comment

The cost of the Newmarket disruptions has more than justified the Board's December

Today's company meetings

Alva Investment Trust, 216, West George Street, 12.30. Baird (William), The Central Hotel, Glasgow, 12.00. Blackwood Hodge, Dorchester Hotel, Park Lane, W, 12.30. Bruntons (Musselburgh), Musselburgh, Edinburgh, 12.00. Carlton Industries, Dragonara Hotel, Redcliffe Way, Bristol, 12.30. Charterhouse, Gt. Eastern Hotel, Liverpool Street, Bishopsgate, 12.00. Coral Leisure, West Centre Hotel, Little Road, Fulham, SW, 11.30. Cory (Horace), 17, Southampton Place, WC, 12.00. East Rand Consol., Epworth House, 25/33 City Road, EC, 12.00. Erith, Institute of Chartered Accountants, Aldgate, EC, 12.00. Freemans (London), Connaught Rooms, Gt. Queen Street, WC, 12.00. Greens Economiser, Connaught Rooms, Gt. Queen Street, WC, 12.00. Holyrood Rubber, 14, Gt. Tower Street, EC, 11.00. Hong Kong (Selangor) Rubber, 14, Gt. Tower Street, EC, 3.00. Kuala Selangor Rubber, 14, Gt. Tower Street, EC, 12.30. LASMO, Sadlers Hall, Gutters Lane, Cheapside, EC, 11.30. Leyland Paint, Wallpaper, Northgate, Leyland, 2.30. Low Bonar, Angus Hotel, 101, Margerall, Dundee, 12.00. Magnolia (Mouldings), Sutton Road, Rochford, Essex, 12.00. Marshall Cavendish, Park Lane Hotel, Piccadilly, W, 11.30. Mellins, 124-130, Seymour Place, W, 12.00. Newarthill, Imperial Hotel, Russell Square, WC, 12.30. Prudential Corporation, 142, Holborn Bars, EC, 12.15. Richards, Wallington, Midland Hotel, New Street, Birmingham, 12.00. Richards (Leics.), Phoenix Iron Works, Martin Street, Leics., 12.00. Selection Trust, Chartered Insurance Institute, 20, Aldermanbury, EC, 12.00. Standard Chartered Bank, Connaught Rooms, Gt. Queen Street, WC, 12.00. Websters, Winchester House, 77, London Wall, EC, 12.00. Wolstenholme Rink, Springfield Road, Sharpleys, Bolton, Lancs., 12.00.

Grampian TV warns on cost of new channel

The fourth television channel, presently planned for late 1982, will substantially reduce the profits of all the ITV companies in its early stages, warns Mr. John Tennant, chairman of Grampian television, in his annual statement.

They will have to provide virtually all of the new channel's budget, estimated in today's terms at between £50m and £60m per annum. The subscription for the company serving North Scotland—presently Grampian—has been fixed at £200,000.

The chairman adds that the fourth channel and the projected breakfast-time television service assume a great increase in total television advertising revenue. He feels the company is well equipped for the 1980s and is "reasonably confident" about the current year's results.

As reported on April 26, Grampian's pre-tax profits for the year to February 29, 1980, fell from £406.7 to £301.7, despite the lifting of the Baxter levy, which absorbed £7.15 last time.

Group fixed costs amounted to £3.55m (£2.5m) and there were net current liabilities of £12,000 (£106,000 assets). Working capital declined by £155,000 (£83,000).

Dividend outlook for Scottish Mortgage Tst.

To reduce disparity with the final payment, Scottish Mortgage and Trust Company intends to raise the interim dividend for the current year from 1.5p to 2.5p net. However, Mr. T. R. Macgregor, chairman, says in his annual statement that any increase in total dividend is likely to be less than the average rise of the last five years, which has slightly exceeded the average rate of inflation. Last year the total was lifted from 3.5p to 5.2p, an increase of 33 per cent.

The directors are hopeful, says Mr. Macgregor, that some increase in dividend income will be received during the current 12 months, but any advance is likely to be well below that of last year, when an improvement from £5.73m to £7.54m was reported.

Furthermore, the effect of the new borrowing operation will result in earnings being lower than they otherwise would have been, as it is not currently possible to invest borrowed money in good equities to give a yield equal to interest costs.

Members are told that, in directors propose to remain fully invested in ordinary shares. Indeed, since the year-end they have gone a little further than this by borrowing £1m from the Royal Bank of Scotland to extend the company's equity interests, mainly in the UK and U.S. The Board is hopeful that taking both increasing income and capital appreciation into account this

modest addition to the company's gearing will in a few years prove beneficial to ordinary holders.

The balance sheet shows a listed market valuation of UK investments of £80.56m (£89.3m) at March 31, 1980, and overseas investments of £45.40m (£46.55m). Unlisted investments at directors' valuation totalled £573,000 (£477,000) and temporary deposits £4.57m (£3.83m).

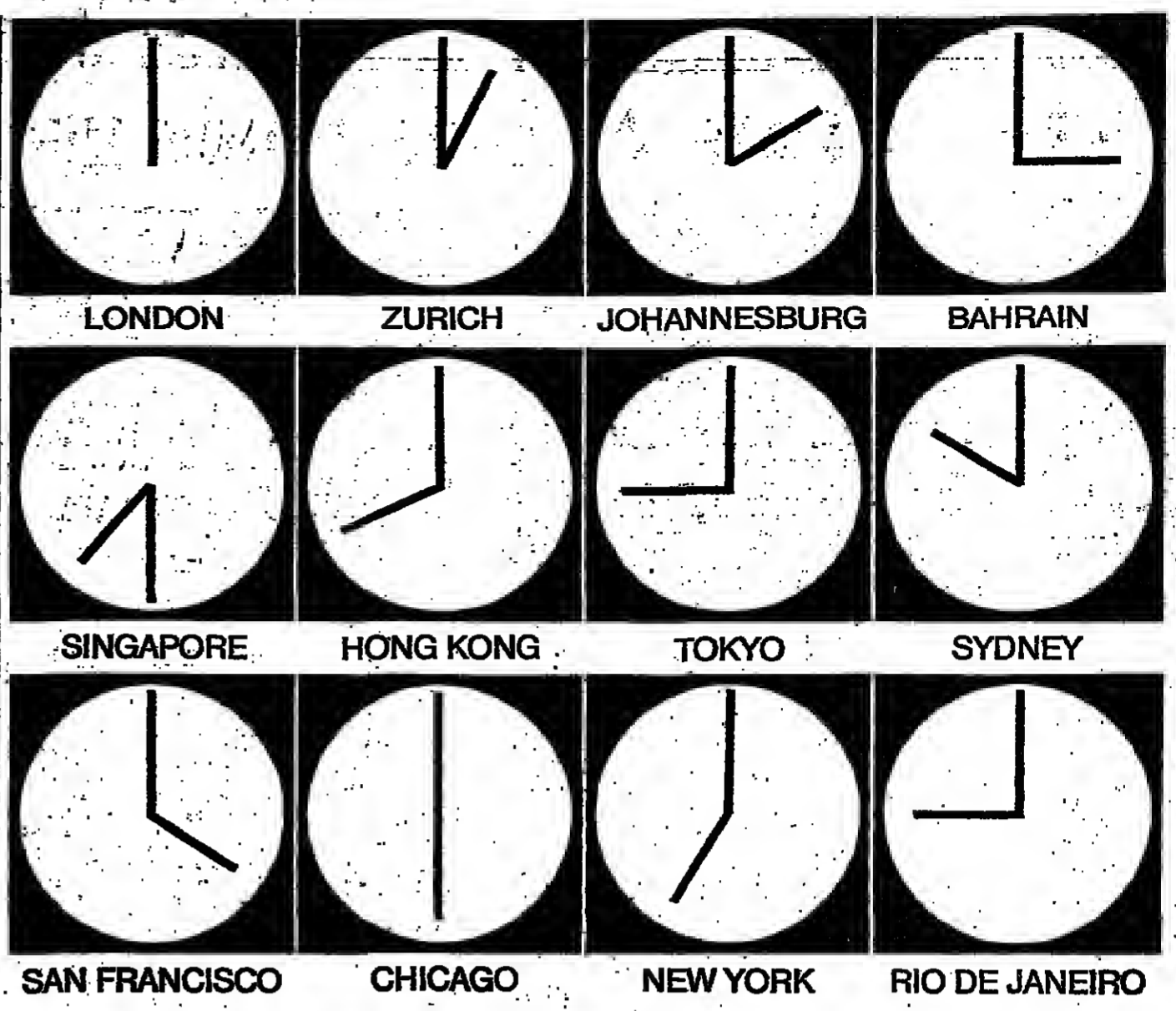
As already reported, pre-tax revenue for 1979-80 improved from £4.96m to £5.44m. There was an increase in liquidity of £2.00m during the 12 months, compared with a decrease of £4.21m.

The annual meeting of the company will be held in Edinburgh, on June 19 at 10.30 am.

Barlows' dividend reduced

Barlows, packers and warehousemen, has reduced its dividend from 7.865p to 4p following a fall in pre-tax profits for 1979 of £15,204 to £28,814.

Turnover for the 12 months, excluding freight rebates, was £57,580 compared with £54,164. The tax charge came out at £11,736 (£19,393). Earnings per £1 share are given as 6.3p (9.3p).



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World markets as they move

Coats Patons Sales more than maintained but profits again affected by exchange movements. 1980 results expected to be better.

The following are extracts from the Review of the Chairman, Mr. W. R. Henry, and from the Directors' Report, for the year ended 31st December, 1979.

STAFF

The number of people employed by the Company in the U.K. has, regrettably, fallen by 4,000 between 1975 and 1979. On each occasion the decision to cut the labour force was painful and not taken lightly. The main reason is the level of textile imports from cheap labour countries.

Understanding and goodwill of employees are not to be taken for granted at the best of times and when shown under adverse circumstances are deserving of high praise. Equally praiseworthy has been the realism and understanding of the Trade Unions involved. I wish to thank our employees everywhere for their hard work and loyalty.

THE BUSINESS YEAR

The strength of Sterling against other currencies has reduced our profits for the third successive year. As a point of interest, exchange movements have cost us some £20 million over this period, of which at least £20 million is due to the value of Sterling and the balance to the perennial weakness of Latin American currencies which we have successfully absorbed for many years.

Trading conditions in the U.K. were the worst for years—unseasonable weather, the substantial increase in VAT, high interest rates and the conspicuous absence of American tourists with sufficient funds to buy fashion merchandise all contributed. Profits also fell in Brazil where price increases did not match the exceptional devaluation of the Cruzeiro. Europe, U.S.A. and Australia, however, showed a significant improvement over the previous year.

PROFITS AND DIVIDEND

Trading profits at £66 million fell by 9% or £8.6 million after exchange losses on conversion of foreign profits amounting to £18 million. This figure includes some £6 million due to the current strength of Sterling and £6 million to exceptional devaluations in Brazil and Turkey. Overall trading margins fell from 10.7% to 9.7%. Interest charges have risen by £2.4 million. The Directors recommend a final dividend of 2.6p per share making a total of 4.0p for the year.

GOVERNMENT POLICY

After a year in office the Government continues its policies of controlling the money supply, reducing the public sector borrowing requirement and of non-intervention in wage bargaining—the primary target being the reduction in the rate of inflation.

Temporary unemployment is an acceptable consequence of pursuing any policy designed to defeat inflation. The mutilation of entire industries is, however, a much more serious matter. The perceived wisdom is that it is the "old" industries (synonymous with inefficiency) which are affected and that they are expendable. The future of the U.K. is regarded as depending on new industries based on high technology which will somehow survive competition as fierce as that facing the old industries.

No-one should defend inefficiency, but it must be pointed out that a considerable part of our old industries is not inefficient. The textile industry, which is labour-intensive, is a good example. MFA, which establishes quotas for imports from the Far East where wages are between some 6% to 25% of U.K. wages, creates an impossible level of competition to the U.K. manufacturer as the wage gap is too great to be bridged by the very highest level of efficiency. The U.S.A.

is attacking European markets with the assistance of a weak Dollar and artificially low oil prices, resulting in cheap synthetic fibre. Iron Curtain countries are probably seeking hard currency by exporting at very low prices. One of the largest industrial groups in Japan has published results recently showing sales of U.S. \$62 billion and profits of U.S. \$70 million, a margin on sales of 0.11%. This company is efficient so one can only guess what its aims are. A British company with similar figures would have difficulty in raising all the capital it required in the City. I can only hope that the Government will make a close study of the export practices of all our competitors and take the necessary action in good time.

PROSPECTS

As always, the most significant factor in estimating the results for the current year is the relationship of Sterling to other world currencies. For the 1980 estimate we have decided to repeat the 1979 rate of U.S. \$2.22/£1 and to allow for weak currency devaluations. We anticipate an improvement in overall trading profits both in the U.K. and abroad; interest charges will increase but, excluding significant exchange movements, 1980 profits should exceed those of 1979.

GROUP RESULTS FOR 1979...AND WHERE THE PROFITS CAME FROM			
	1979	1978	1977
Turnover	£68,949	£78,829	£39,534
Assets employed	408,449	408,839	390,554
Profit before tax and loan interest	68,082	76,194	87,768
Profit earned for ordinary shareholders	31,656	38,429	48,952
Earnings per share	12.2p	14.5p	17.7p
Ordinary dividends including tax credit	5.71p	5.44p	4.94p



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AVON RUBBER COMPANY LIMITED INTERIM STATEMENT			
Profit for the half year, unaudited, suffered from the effects of high interest rates, the firm pound in relation to export business and a decline in demand caused by the lower level of activity of many of our customers in the United Kingdom. Measures taken within the group to improve efficiency are showing benefit, and these are being intensified.			
The half year dividend on the 4.9% Cumulative Preference Shares at the rate of 2.45p per share, amounting to £12,250 will be paid on 30th June 1980 to shareholders on the register at 12 noon on 16th June 1980.			
An interim dividend of 4p net per share (the same as last year) will be paid on 7th July 1980 on the £1 Ordinary Shares of the company to shareholders on the register at the close of business on 6th June 1980. The cost of the interim dividend will be £265,500.			
	Half year to 29th March 1980	Half year to 31st March 1979	Financial year ended 28th Sept 1979
Turnover	£1,153,000	742,800	1,558,000
Operating profit before depreciation	4,534,000	3,440,000	7,589,000
Share of profits of associated companies (note 6)	110,000	15,000	68,000
Depreciation	4,644,000	3,455,000	7,657,000
	1,528,000	1,580,000	2,892,000
Operating profit after depreciation	3,116,000	1,899,000	4,745,000
Financing charges	2,332,000	1,468,000	2,192,000
Profit before taxation	784,000	431,000	2,553,000
Taxation (note 2)	235,000	288,000	515,000
Profit after taxation	549,000	143,000	2,038,000
Minority interests	29,000	32,000	83,000
Profit attributable to Avon shareholders	520,000	111,000	1,955,000
Earnings per share	1.6p	1.5p	29.1p

Note 1: Where companies are reported as associate and not subsidiary companies.

Note 2: The charge comprises advance corporation tax and tax on profits of overseas companies.

Companies
and Markets

UK COMPANY NEWS

BIDS AND DEALS

British Enkalon getting
£40m injection from Akzo

BY RAY MAUGHAN

Akzo is to inject up to £40m into British Enkalon over the next five years in an attempt to restore the fortunes of its ailing UK-made fibre subsidiary. The Dutch chemicals and textiles group will invest £35m, at 1979 prices, in new plant and equipment in British Enkalon's factory in Antrim during the period to 1984 and, more immediately, will be subscribing £7m of sorely needed equity capital.

The equity injection comprises the issue of 28m new "A" shares at par to Enka International Holding BV, another Akzo subsidiary, which raises the Dutch group's holding in British Enkalon from 1.7 per cent to 33.7 per cent. The deputy chairman and managing director of the UK subsidiary, Mr. Roelof Schierbeek, stressed yesterday that there was no intention to buy out the minority shareholders, who include almost 5,500 individuals.

Akzo makes a point of maintaining local minorities in each of its major operating areas but, in this instance, it had little option but to dilute the interests of outside shareholders. The ordinary shares, at 74p, are trading far below par value and a rights issue was therefore precluded. At the same time, British Enkalon's persistent losses over the last five years have stretched its resources to the point where the 1979 accounts show a deficit on reserves of £340,000. Borrowings at the balance sheet date amounted to £14.5m against shareholders' funds of £9.2m, and debt had risen to £18.1m by May 2.

There is no question that

Akzo is looking for a short term solution to the problems of worldwide over-capacity in the man-made fibres industry. The status of the new "A" ordinary shares, however, is ultimately linked to British Enkalon's dividend paying capacity. The rate of dividend payable to the new capital will be 125 per cent of the rate declared for the existing capital. Compulsorily convertible between 1991 and 2000, the shares will rank together with the existing equity in the event of a winding up or a return of capital.

Plagued by heavy interest costs and severe import competition, British Enkalon lost £2.15m in 1979 to bring its aggregate deficit for the past five years up to £6m. And the group is now warning of the prospect of yet heavier losses this year.

Clearly, the Dutch parent will be monitoring the new investment closely. As Mr. J. Martin Ritchie, the chairman of British Enkalon, points out in his annual statement, "Our colleagues in Enka and Akzo continuously require considerable insurance regarding our ability to deliver the goods." No redundancies among the 2,000 strong workforce in Antrim are being discussed with the unions "whose continued co-operation is essential for its success."

At the heart of Akzo's remedial action is the co-ordination of UK and continental fibre production through Enka. British Enkalon's polyester, nylon textile and carpet yarn

production appears to dovetail rather than overlap, with Enka's output in Holland and Germany and a new policy of product harmonisation is designed to allow the Antrim plant to increase exports (amounting to £12m of the £60m turnover total in 1979) while holding its position in the UK market.

The plan is still in the chrysalis stage. British Enkalon, Mr. Schierbeek said, has yet to decide on the choice of new plant, for example, and the extent to which it will lease new equipment will be decided by interest rate trends.

Shareholders, however, may wonder why the restructuring of British Enkalon has not been undertaken before. The board readily admits that "the longer term viability of British Enkalon cannot be assured without such action" but it is clear that the group's fortunes have been wanting since the Flixborough disaster in 1974.

The group says it has invested in new plant and equipment at a reasonable level over recent years but cash generation has been inadequate to meet its needs. British Enkalon makes no secret of the fact that "the timing of a return to profitability and the level of profitability which could be achieved must inevitably remain uncertain." After the group's past losses, at least shareholders will not be totally surprised to discover that no dividend can be expected until December 1983, "at the earliest."

Lloyds & Scottish placing
to finance U.S. purchase

Lloyds and Scottish, the UK finance group, has raised £13.8m to pay for its new U.S. acquisition, James Talcott Factors, by placing 10.95m shares with its two main shareholders, Lloyds Bank and the Royal Bank of Scotland.

The two banks, which each owns 39 per cent of the company, will then offer nearly 2.4m of the new shares at 125p each through S. G. Warburg to other shareholders on a one-for-10 basis. Yesterday, its shares closed unchanged at 135p.

The purchase of the U.S. company for \$22.75m cash from Talcott National Corporation was completed on Tuesday. Included in the price is \$12.25m as part of the agreement by Talcott National not to compete with its former subsidiary for five years.

The cost of the non-competition part of the deal to Lloyds and Scottish is estimated at around a net \$7m after amortisation over five years with tax relief at current rates. The acquisition of the factoring company, which earned a profit of \$17.5m before interest and tax last year against \$13.7m in 1978, marks Lloyds and Scottish's first direct move into the U.S. market.

As well as the straight purchase price, the UK company has also refinanced some \$80m of inter-group indebtedness of James Talcott Factors. In April of last year, the Talcott group completed a major restructuring plan to restore its financial health.

Lloyds and Scottish made clear its intention of moving into new areas when it sold its television rental business at the end of 1978 for \$81m. It also bought Cedar Holdings, the second mortgage company, for almost £10m.

Granada
expands
in France

Granada Group's TV rental subsidiary in France, Nova-Tel SA, has recently acquired 80 per cent of the share capital of Telebank France SA, with the consent of the French authorities. Telebank was a wholly-owned subsidiary of Oceanic SA, which in turn is wholly owned by ITT of the U.S. Telebank rents television sets to hotels and hospitals in France and at the date of

acquisition had approximately 33,000 units on rental.

The acquisition was for cash and together with Telebank's bank borrowings the total cost amounted to £3.8m.

£11m purchase
by Kent
Messenger

Kent County weekly newspaper group has paid around £11m for Kent County Newspapers, publisher of the oldest newspaper in the county.

The deal will boost the total circulation of the Kent Messenger Group, owned by the Bootman family from 124,000 to over 175,000.

Kent County publishes the Kentish Gazette in Canterbury, founded in 1717, as well as the Kent Herald, the Kentish Bay Press and the East Kent Mercury. The total turnover of the enlarged group, including non-publishing activities, will be over £12m. Kent County was controlled by the News family, which will now be represented on the Kent Messenger's board.

Thomson T-Line chief puts
60% of capital on market

Kleinwort Benson, the merchant bank, has been asked by Mr. David Thomson, chairman of Thomson T-Line Caravans, to find a purchaser for his, and his family's, shares in the company. The total number of shares up for sale is 990,000, representing around 60 per cent of the equity of Thomson, a caravan manufacturer and supplier.

On the Stock Exchange the group's shares rose 3p to 65p, which values Thomson at £1.1m. If a sale goes through, the purchaser is to be asked to extend the same offer to all other shareholders.

The planned disposal was unveiled at yesterday's annual general meeting by Mr. Thomson, who told shareholders that he had now passed the normal retirement age and he believed that the next stage of Thomson T-Line's development should be in other hands.

Kleinwort said yesterday that

there had been a number of expressions of interest. An announcement will be made as soon as a possible offer is acceptable although it is anticipated that this may not be for some weeks.

In its last financial year ending December 1979, Thomson T-Line reported a loss before interest and tax of £271,830 compared with losses of £148,252 in the previous year. The group explained in its last accounts that its freehold land and buildings were revalued at £2.01m in September, 1979, which had been incorporated in the accounts. Net current assets and fixed assets totalled £2.71m compared with £1.30m.

The directors said that they were seeking to dispose of the group's unutilised land and factory accommodation.

DUBILIER PURCHASE

The directors of Dubilier, electronic components manufacturer, say the recent purchase

of Flight Connector Corporation of California is to be financed partly by the issue of two million new ordinary Dubilier shares at 46p per share and partly by a 7-year Eurodollar loan.

The new shares are to be placed directly with institutional investors in London. Hambros Bank has entered into an agreement with Dubilier to subscribe for or procure subscribers for the newly issued shares which total 8.5 per cent of the existing ordinary share capital.

The new shares will rank pari passu with the existing ordinary shares except that they will not qualify for the interim dividend declared on May 12.

The portion to be financed by bank borrowings is to be provided by Barclays Bank International in the form of a Eurodollar loan facility of U.S. \$2.15m.

The acquisition is conditional on approval of Dubilier shareholders at an extraordinary general meeting on June 13.

Ferguson Lacey
completes sale
of Arbuthnot stake

Mr. Graham Ferguson Lacey has completed the sale of his 14 per cent holding in Arbuthnot Latham, the accepting house. Some 306,000 shares have been bought by Maccom SA, a subsidiary of Cook Industries of Memphis, bringing its stake in Arbuthnot to 13.8 per cent.

The remaining 710,000 shares (9.8 per cent) have been acquired by The Securities Group, a U.S. money broker operating with a paid up capital in excess of \$30m, owned by Mr. Charles Atkins.

The Bank of England "has been kept informed and has indicated that it has no objection" to the deal, according to the official announcement yesterday and Arbuthnot has welcomed the new shareholders.

BUE DEAL

British Underwater Engineering has acquired an 88.6 per cent holding in R. R. Chapman (Sub Sea Surveys), a leading company in the operation of remotely-controlled vehicles which are used primarily for inspecting pipelines and structures.

Sub Sea Surveys was established in 1977 with the support of the National Enterprise Board. It was previously owned jointly by three founder directors, the Peckston Group and the NEE.

Monier forced to drop
bid for Clifton Brick

FOLLOWING tough opposition from major shareholders, Monier, the Australian building and industrial products group, has been forced to drop its AS24.4m bid for Clifton Brick Holdings.

Monier originally offered AS1.66 cash a share, which was rejected by a group of shareholders with 42 per cent of Clifton's capital.

Last week Monier privately offered to increase its bid to AS1.75 a share if the Clifton board would recommend acceptance. But the directors wanted Monier to declare its bid unconditional.

Monier withdrew its offer yesterday pointing to recent purchases of shares by a private company close to the major shareholders. This Monier said, further strengthened a small group of investors to oppose the bid. Monier directors said they would return all acceptances and regretted that a substantial number of Clifton shareholders who had agreed to its bid would be unable to receive the higher offer. Redland, the UK supplier of materials and services to the construction industry, owns about 47.6 per cent of Monier.

INTERIM REPORT

Unaudited Results for the six months ended 31st March, 1980

	6 months to 31.3.79	6 months to 31.3.79	12 months to 31.3.79
Trading profit	313.8	313.79	309.79
Interest receivable	1,589	974	2,969
Profit before taxation	1,940	1,287	3,268
Taxation	679	347	1,024
Profit after taxation	1,261	940	2,244

The figures illustrate continued progress, but include a further material transfer of profitability from the second half to the first half of the year, due to a change in the historically seasonal pattern in the major coaching building activity.

All divisions have improved on their trading profitability and interest receivable is sharply up due to the combination of the Group's strong liquid position and continuing high interest rates.

Order books are good, and the full year's results are expected to show a useful advance on those of last year.

Interim Dividend increased from 2.25p to 3p net per share.

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RECORD PROFITS

	18 months ended 31 Dec. 1979	12 months ended 30 June 1979	Increase on annualised basis
Turnover	75,081	39,841	25%
Operating profit	3,138	1,496	40%
Interest	923	365	69%
Profit before taxation	2,215	1,131	31%
Shareholders' funds	8,008	6,042	33%

- POINTS FROM THE ANNUAL STATEMENT OF MR. JOHN REDGRAVE, CHAIRMAN**
- * Higher profits together with benefits of permanent stock relief produced annualised earnings per share of 18.5p against 10.1p.
 - * Dividend up by 15 per cent gross.
 - * Assets per share up from 121p to 160p.
 - * Board proposes introduction of employee share scheme.
 - * Group not immune from general economic climate but overall Board expects that results for current year will not be unacceptable.

The Report and Accounts may be obtained from: The Secretary, Walter Lawrence Limited, Lawrence House, Sun Street, Sawbridge, Hertfordshire CM21 9UX.

KCA offshoot buying \$40m
drillship from Dutch yard

BY WILLIAM HALL, SHIPPING CORRESPONDENT

KCA Offshore Drilling, the newly established offshore drilling arm of KCA International, is buying a \$40m dynamically positioned drillship from a Dutch shipyard.

The vessel is already half completed and should be operational in 12 months. Earlier this month KCA International announced that it was negotiating an order for four semi-submersible drilling rigs costing around £160m and it expects to finalise its first order "shortly."

Mr. Paul Bristol, KCA's chair-

man, disclosed the purchase of the new drillship at the company's annual meeting in London yesterday.

The new ship, which can drill in water of up to 4,000 ft and at depths of up to 25,000 ft, will be equipped with anchors as well as its dynamic positioning system and will be able to drill in shallow water as well as deep water.

Mr. Bristol said that the new drillship would be worth \$90m at today's prices and should be capable of earning at least \$80,000 per day. The offshore drilling market has picked up over the past few months and there are shortages of many types of offshore drilling equipment.

The new drillship will be financed with traditional shipyard credits and KCA has yet to decide whether to bring outside partners. Mr. Bristol said he would like to bring outside partners into KCA Offshore Drilling but preferred a private placement as opposed to a public quotation, as was the case with Bechtel International.

Mr. Bristol also elaborated further on his plans to build KCA International into the oil equivalent of an old fashioned

mining finance house. He revealed that a new company, Universal Oil Services, has been formed in Bahrain and this will take responsibility for all KCA's Middle East operations, including Libya and Pakistan.

The intention is to float off half the equity of Universal Oil Services to the Middle East within the next year. KCA hopes to get a share option, probably in Luxembourg.

KCA is also intent on expanding its North American interests and for this purpose has formed KCA Inc., which will seek a U.S. Stock Exchange listing.

KCA Inc. will run and coordinate all KCA's drilling and mud activities in Canada, the U.S., Venezuela and Brazil. The chairman said KCA was close to buying an American mud company for "about \$1m" and a drilling company for "about \$1.5m."

"Although the U.S. is already the leading oil and oil services market, the scope for expansion is very considerable. It is my intention to participate in this expansion," Mr. Bristol said yesterday. He added that he would like to retain up to 60 per cent of KCA Inc. when it went public.

SHARE STAKES

Associated Dairies—Mr. A. N. Stuckey, director, has disposed of 150,000 shares at 177p, leaving holding 691,155 shares (0.382 per cent).

Stanhope Holdings—Interest of P. H. A. Stanhope now: holding 35,000 shares, non-beneficial 11,413,793 shares.

Travis and Arnold—Mr. E. R. A. Travis, director, has disposed of 25,000 shares at 25p, leaving holding 341,855 shares (7.3 per cent).

Lee Cooper Group—Mr. M. B. Gluck, director, has disposed of 20,000 shares.

Eurotherm International—Mr. R. C. Chessell, director, in April 25 disposed of 25,000 shares, leaving holding 314,497 shares (2.76 per cent).

Brook Street Bureau of Marine—Mr. E. Hurst, director, has disposed of 37,625 shares and Mrs. M. Hurst, director, 37,625 shares. In each case 20,125 shares of the above were sold to the trustees of the Brook Street employee profit sharing scheme.

Child Health Research Investment Trust—Mrs. Sylvia Clegg is interested in 50,000 shares (10 per cent).

John Brown and Co.—British Railways Board has sold 120,000 shares, reducing holding of British Railways Pension Funds to below 5 per cent.

Almex Holdings—James Gulliver Associates Investments has purchased 25,000 shares at 57p, following which it is interested in 1,067,300 shares (19.56 per cent).

Walter Duncan and Goodfellow—As a result of disposals of shares, interests of Imperial

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Floating Rate Capital Notes 1984

For the six months from 29th May 1980 to 28th November, 1980 the notes will carry an interest rate of 10.1% per annum. On 28th November, 1980 interest of U.S. \$51.15 will be due per U.S. \$1,000 Note for coupon No. 7.

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By: Morgan Guaranty Trust Company of New York, London Agent Bank.

PHOENIX
ASSURANCE COMPANY LIMITED

ESTIMATED RESULTS TO 31st MARCH 1980

The following are the estimated and unaudited results of the Phoenix group of companies for the three months ended 31st March, 1980 with the comparative figures for the corresponding period in 1979 and actual results for the full year 1979.

	3 months to 31.3.80	3 months to 31.3.79	Year 1979
	£m	£m	£m
Net premiums written: General (fire, accident, marine and aviation)	95.5	91.5	355.9
Investment income	12.0	11.5	45.3
Underwriting results:			
General	-5.6	-6.4	-14.1
Long-term	0.8	0.5	3.1
	7.2	5.6	34.3
Less expenses not charged to other accounts	0.5	0.4	2.2
Profit before taxation	6.7	5.2	32.1
Less: Taxation	2.2	1.5	11.4
Minority interests	1.0	0.8	2.3
Net profit	3.5	2.9	18.4
Earnings per share	5.7p	4.8p	30.4p

In converting US dollar transactions for the 3 months to 31st March, 1980 a rate of \$2.16 has been used (\$2.07 for the 3 months to 31st March, 1979 and \$2.22 for the year 1979).

NEW LONG-TERM BUSINESS

	3 months to 31.3.80	3 months to 31.3.79	Year 1979
	£m	£m	£m
Sums assured	518.6	391.3	2,006.4
Annuities per annum	5.6	3.9	20.9
Annual premiums	5.0	3.4	17.5
Single premiums	7.1	6.7	26.9

Chairman's Comments

At the annual general meeting of the company held today, Mr. Jocelyn Hambro, Chairman, included in his remarks the following comments on the results for the three months ended 31st March, 1980.

"The pre-tax profit has increased by 29% to £6.7 million. This improvement has been achieved despite the adverse impact of currency fluctuations on our published figures, notably from certain European countries important to us, including Denmark where the year on year depreciation of the krone has exceeded 20%. An 11% increase in general premiums has been achieved in the United Kingdom. Likewise, an investment income growth rate of 13% in currency becomes 4% in sterling."

"The general business underwriting loss shows an overall reduction from £6.4 million to £5.6 million. There has been some improvement in the United Kingdom despite inflation and our involvement of £1 million in the British Aerospace loss. Europe too has improved, mainly in Denmark and the Netherlands. However, as widely forecast, United States results have deteriorated and the group suffered an underwriting loss of £1.1 million (operating ratio 104.6) compared with a virtual break-even (operating ratio 97.9) for the corresponding period of 1979."

The Chairman went on to say, "We always emphasise that one quarter's results cannot be taken as a reliable guide to results for the full year. In my statement for the year 1979 I expressed some hope for a return to a more normal pattern of losses. It is too early to say whether this will be so for the year 1980 as a whole."

"Finally it is particularly gratifying that the excellent record of life new business production achieved in 1979 has continued into the first quarter and we are looking forward to another good year from that department."



100 150

RTZ selects banker to take over chair

RIO TINTO-ZINC, the London mining house, has reached agreement with Codemine, the state mining agency in Panama, on the development of the giant Cerro Colorado copper deposit. This was disclosed yesterday by Sir Mark Turner, the chairman, at the annual meeting in London and follows reports earlier this month that talks about RTZ participation had started.

The agreement is in principle only at this stage. No details were revealed by Sir Mark, but it is assumed that RTZ will take over the 49 per cent stake in Cerro Colorado currently held by Texasgulf the U.S. group. To obtain this RTZ is likely to pay Texasgulf about \$5.5m (£3.3m).

Codemine has a stake of 51 per cent in the project and will presumably maintain its majority ownership.

Sir Mark did not commit RTZ finally to developing the deposit but his remark that "on the basis of known reserves, the deposit is in North and South America, Cerro Colorado must rank as one of the great potential mines of the future," left no doubt of RTZ's determination.

Formally, RTZ is undertaking to reassess "the viability of the large low grade porphyry ore body with reserves of over 1bn tonnes which would be developed by open pit mining." Informally, it is thought RTZ will spend up to \$1m on its study and reach a decision on a mine in a matter of months.

It looks as if the Panama Government's search for a joint venture is now at an end. The deposit was first discovered in the 1930s and has been a subject of development discussion since the early 1960s. The establishment of a mine would be extremely costly and would involve building roads, a town-

ship and a port.

RTZ's final decision will be based on a view of copper prices seen over the medium and long term. First production from Cerro Colorado is not likely until the middle of the decade.

In the shorter term Sir Mark had little to offer shareholders. The year had started well, he said, but metal prices had fallen substantially over the last two months.

He made no predictions for the rest of the year and did not state whether the group would match the dividend payments for 1979 which came to 15p after record net profits of £149.8m.

On the negative side he complained about the effect on costs caused by higher oil prices, the unacceptable rate of inflation and the uncertain and threatening international climate.

But the positive side is that the group's mines are low cost.

"If any mining house is going to do well, we will too," Sir Mark said.

DIAMONDS IN CHINA

Chinese geologists have discovered more than 100 natural diamonds in two chromite ore deposits in Tibet, according to the New China News Agency. This is the first time that diamonds have been discovered in ultrabasic rocks in China.

GLOBE AND PHOENIX

The Zimbabwe gold producer Globe and Phoenix Gold Mining experienced a sharp recovery from a loss to profit in Zimbabwe during 1979, on the back of increased revenue from gold sales, but profits from the UK

were much lower. Pre-tax profits from Zimbabwe were £45,586 (Zimbabwe dollars (£50,000) against a loss last time of £358,071, while pre-tax profits from the UK fell from £54,608 to £31,455. An unchanged dividend of 1.25p per share is proposed.

Freeport to boost Nevada gold output

THE AMERICAN companies Freeport Minerals and FMC Corporation have decided to go ahead with a \$115m (£48.5m) plan to expand their jointly-owned gold mining and milling project at Ferris Canyon, Nevada. Construction has already begun, the partners said yesterday.

The move is a further indication of a growing willingness on the part of North American companies to exploit the strength of the bullion price, despite recent fluctuations.

The project is expected to be completed by the third quarter of 1981, and the companies hope that output approaching annual rated capacity of some 200,000 oz of gold can be achieved by mid-1982.

Freeport owns 70 per cent of the project, with the remaining 30 per cent in the hands of FMC.

URANIUM FIND IN FRANCE

Uranium deposits totalling an estimated 20,000 tonnes have been found near Cognac, north-east of Bordeaux. This represents about one-fifth of France's known uranium reserves.

REPORTS TO MEETINGS

Bemrose recovery programme suffers major setback

THE RECENT printing dispute had meant a "major setback" in the planned recovery from last year's profits collapse at Bemrose Corporation, chief executive Mr. David Wigglesworth told the company's annual general meeting. But he said the eventual cost to the corporation would be "delay rather than permanent damage."

Until the start of the dispute, performance had been ahead of budget, he said. The first quarter saw "excellent" results from security printing, "poor" performances from books, transfer printing and cylinder printing, with packaging and calendars "steady," said Mr. Wigglesworth.

The company's programme of heavy capital investment had peaked, and the results were beginning to be felt, though more slowly than was first hoped, he said. But he warned that the general economic climate for the current year was not encouraging.

At other meetings, the chairman said:

Brent Chemicals International—The company was well placed to continue its profitable expansion by organic growth and judicious acquisition, although prospects for the first half of 1980 were viewed with some caution.

After a good overall start in the first two months, certain sectors of the company's UK business had experienced difficult business conditions, particularly affecting sales to the automotive, steel and general engineering industries, where demand was noticeably lower.

However, the overseas operations had continued to make good progress and as planned, were making an increasingly important contribution to sales and profits.

John Mendes (Holdings)—First-half profits might show a small reduction on last year, but the full-year's profits were still expected to show an increase over the previous year.

Sales for the first 13 weeks were 25 per cent ahead, but loss of turnover due to the NGA stoppage, NUJ dispute, and the "Day of Action" could affect the six months profits. Profits, however, were tending to swing to the second half due to the growth of the retail division and higher interest rates.

ASSOCIATES DEAL

Grieverson, Grant and Co. bought on behalf of discretionary investment clients 50,000 Keyser Ullman Holdings shares at 78p and 35,000 at 76p on May 27.

First quarter increase for Phoenix Assurance

A 29 PER CENT improvement in pre-tax profits from £5.2m to £6.7m is reported by Phoenix Assurance Company for the first quarter of the year. The underwriting losses were cut from £6.4m to £5.6m in the period, while investment income rose by 4 per cent in sterling terms.

The net profit amounted to £3.5m against £2.9m after a higher tax charge of £2.2m against £1.6m and higher minority interests of £1m against £800,000. Earnings per share rose from 4.8p to 5.7p.

Underwriting deteriorated in the U.S., in line with general market conditions, amounting to a loss of £1.1m against a break-even situation last year. The operating ratio rose from 97.9 per cent to 104.6 per cent.

In the UK the underwriting loss in the quarter was cut to £3.4m from £4.4m in the first quarter of 1979, despite the company having a loss of £1m on the massive fire in January at the British Aircraft Corporation's warehouse in Weybridge. The mild winter resulted in a considerable improvement in the household account, but the motor account was affected by the high rates of inflation.

Business improvement in Europe, notably in Denmark and the Netherlands, where a small underwriting profit was achieved. The company is quietly optimistic with its European business after years of comparatively poor results.

Mr. Jocelyn Hambro, chairman of Phoenix, pointed out

that both premium and investment income had been distorted by currency fluctuations. General premium income had grown in the period by only 4 per cent in sterling terms, but the underwriting growth was 11 per cent. Similarly the real growth in investment income was 13 per cent.

Long-term business had a successful start to the year, with new sums assured rising by one-third from £391m to £513m. The transfer from long term business amounted to £800,000 against £500,000 in 1979.

comment

Given the mild winter weather in both the UK and the U.S., the first quarter results from Phoenix Assurance do not make exciting reading. The downswing in the U.S. held back the overall underwriting recovery, while the improvement in the UK was not impressive. But the biggest disappointment was the sluggish growth in investment income in view of continued high interest rates. The picture for the rest of the year looks brighter as higher premium rates on motor and household business work through and a better growth in investment income picks up. The shares rose 2p to 220p on the news, where the yield is 8.6 per cent.

UNDERWRITING at Sun Alliance Insurance Group so far this year appeared to have met similar conditions to those of its principal competitors and, to the absence of severe weather, results had shown some improvement on 1979. Lord Aldington, chairman, told shareholders at yesterday's AGM.

Difficult underwriting conditions, especially the effects of increasingly high rates of inflation, remained all too evident and there had been further deterioration in several important sections of the group's business at home and abroad. Investment income had continued to benefit from high interest rates and had shown good growth in the first quarter, he added.

S. WRIGHTSON

Stewart Wrightson, the insurance broker, has formed a new

OIL AND GAS NEWS

Gas find boosts Strata Oil

Shares in Strata Oil N.L., the Australian oil and gas exploration company, advanced 9p more to 24p on the London Stock Exchange yesterday—double the price rullup on Tuesday morning—following news that it had discovered an "encouraging" gas find in the Woodada 1 well in the Perth Basin, 13 km north-west of Eneabba. Woodada 1 is five miles from the Dongara-Perth pipeline.

Strata has a 28.35 per cent interest in the well. Hughes and Hughes, an American partnership, has a 65 per cent stake in the well while the remaining 8.05 per cent is divided between

various companies and individuals.

Yesterday Strata announced that the calculated flow rate for the well during testing was 6.9m cubic feet of gas a day. No water was recovered.

The well is currently at a depth of 2,375 metres and electric logs are being run. Target depth of Woodada 1 is 3,000 metres.

Strata Oil is 25 per cent owned by North West Mining and 18.8 per cent by Haema Gold Mines.

Endeavour Resources, a member of the Bond group of companies currently engaged in the

takeover battle for White Industries, has reached agreement with Bridge Oil, Offshore Oil and Crusader Oil to farm into the Dalketh Block within ATP-145P, Queensland.

Under the terms of the deal Endeavour has to carry out not less than 50 km of seismic work and drill two wells to earn a 25 per cent working interest in the block.

The Dalketh Block covers an area of about 375-square km. In the Surat Basin. The centre of the block is situated some 30 km north of the Alton oilfield and a similar distance east-southeast of the Silver Springs gasfield. The agreement is subject to the approval of the Minister for Mines, Queensland.

Endeavour also says that it hopes relisting of its shares will take place early next week. The shares were suspended on May 14.

BP Petroleum Australia said increased gas levels have been detected in its Phoenix No. 1 exploration well on the North West Shelf reports Renter from Melbourne.

BP said the well has reached a subsea depth of 4,333 metres and the current operation is coring. The increased gas levels were detected over the intervals 4,290 to 4,305 metres and 4,318 to 4,333 metres. The significance of the shows will be evaluated in due course by wireline logs.

BP Petroleum Australia is drilling the well with a semi-submersible rig in Shelf permit area WA-62-P under a farmout agreement.

On completion of the agreement BP will have a 55 per cent interest in the permit area. Other interests will be AAR, 4.5 per cent; Australian Oil and Gas Corporation, 4.5 per cent; Bridge Oil, 4.5 per cent; Oxo International, 9 per cent; Endeavour Resources, 4.5 per cent; Offshore Oil, 4.5 per cent; Peyto Exploration, 6.75 per cent; and Voyager Petroleum, 6.75 per cent.

SANDVIK AKTIEBOLAG

U.S.\$35,000,000 6 1/4% Convertible Bonds Due 15th March, 1983

AMENDED NOTICE OF ADJUSTMENT

Notice is hereby given to the holders of the above-mentioned bonds that the Annual General Meeting of the Company, held on 9th May, 1980, approved a resolution for the issue to the holders of A shares and B shares, pro rata to their holdings, of new A and B shares free of payment by way of a bonus issue in the proportion of one new A share for every six A shares and one new B share for every six B shares held. Bonds in respect of which the conversion date falls after 15th March, 1980 will be dealt with in accordance with Condition 7(D)(III) of the bonds until the day after the Record Date for the issue of the Record Date having been fixed by the Annual General Meeting of the Company to be 25th July, 1980.

In consequence of the bonus issue, the conversion rate for the above-mentioned bonds will be adjusted to 23.7428 B shares per bond, effective as from 25th July, 1980, the first business day after the Record Date.

Holders of the above-mentioned bonds should note that the Record Date and the Effective Date for the adjusted conversion rate have been changed from the dates published in a notice to the bondholders on 18th March, 1980, at which time it was expected that the Record Date would be 4th June, 1980, and the Effective Date for the adjusted conversion rate would be as from 9th June, 1980. The reason for the change is that the publication of the Swedish Official Gazette in which according to Swedish law all increases of the Company's share capital must be announced in order to take effect has been delayed by the recent industrial dispute in Sweden.

25th May, 1980

SANDVIK AKTIEBOLAG

PORTER CHADBURN LIMITED

Highlights from the statement of D. C. Bamford, C.B.E., the Chairman

* A reduction in the volume of sales, largely engendered by industrial action, has had its inevitable effect upon the year's result.

* Change in accounting policy has substantially increased Shareholders' Funds and reduced the provision for taxation for the year.

* The adverse factors which reduced Group profit affected all engineering operations so that only Porter Chadburn (Plastics) was able to improve its performance.

* A reduction in cash flow at a time when severe inflation is affecting stocks has led to increased short term borrowing and this, combined with exceptionally high interest rates, has also affected profit at the pretax level.

Results for 52 weeks ended 3rd Jan., 1980	1980	1979
Turnover	15,167	14,586
Profit before tax	674.3	1,115.4
Taxation	98.9	278.2
Profit after tax	575.4	839.2
Dividends	202.9	194.3
Retained profits	372.5	644.9
Earnings per share	17.67p	25.83p

* Investment in fixed assets limited to bare essentials for the current year, following the substantial sums expended in 1978/79.

* Unlike the previous two years, wage settlements were negotiated without serious disruption by industrial action.

* The current year has not started particularly well, being affected by the steel strike. Performance must depend very largely on that of the British economy, and an absence of the disruptions of 1979.

A copy of the Report and Accounts and Chairman's Statement may be obtained from the Secretary:

PARK LANE • BOOTLE • MERSEYSIDE • L30 4UP

In the year to 31 December 1979, George Wimpey's turnover topped £1,000 million, for the first time in its 100 year history. Pre-tax profits were £47.3 million and the directors propose a final ordinary dividend of £5.8 million.

At the end of 1979, the Group had around £100 million worth of plant, equipment and transport at its disposal. At any one time, Wimpey has over 600 projects under way across five continents. The Group employs some 40,000 people worldwide, with over 50 offices in 31 countries.

Wimpey builds motorways, bridges, dams, harbours, drydocks, runways, airports, reservoirs, refineries, oil and gas rigs, smelters, mosques, schools, universities, hospitals, offices, factories, irrigation schemes and homes. Very different from the stonemasons busi-

	1979
Turnover	£1,004.0m
Profit before tax	£47.3m
Profit after tax	£40.9m
Dividend	£5.8m
Earnings per share	16.0p

ness George Wimpey set up in Hammersmith in 1880.

Today, the Wimpey Group is one of the largest, most experienced contractors in the world. And a 100 years in the construction business proves that the more we contract, the more we expand.

For a copy of our 1979 Report and Accounts, please write to the Secretary, George Wimpey Limited, 27, Hammersmith Grove, London W6 7EN.

1880 WIMPEY 1980

FRENCH MOTOR INDUSTRY

Renault swings out of red as sales rise

PARIS — Renault, the French motor group, swung solidly into the black last year, realising a net income of FF1.1bn (\$233m) on turnover of FF1.62bn against a loss of FF1.12bn in 1978.

The state-owned group sold 48.3 per cent of consolidated sales in 1979 were abroad. Net consolidated income was achieved after FF1.87bn of tax, compared with FF1.47bn in 1978.

The group's industrial and

commercial investments rose by 26 per cent in 1979 to FF1.42bn, of which FF1.35bn was self-financed, compared with FF1.21bn a year before. Financial subsidiaries invested FF1.33bn last year of which 75 per cent was self-financed.

Renault said the improvement in its self-financing ability and a substantial improvement in its working capital had been realised through a moderate increase in long-term debt to FF1.47bn. The company pointed out, how-

ever, that its overall net debt had declined and represented 8.7 per cent of annual turnover, compared with 13.6 per cent in 1978.

Renault said a strong expansion of activity which was responsible for the considerably improved earnings. High activity had continued during the first four months of this year.

Renault produced 1.89m. private cars and light goods vehicles worldwide last year, an increase of 10.5 per cent. The

group accounted for 12.9 per cent of car sales in the European Community and had more sales than any other European car group. Renault said that during the first four months of this year it had managed to widen its Community market share to almost 15 per cent.

Renault's share of the French car market was 35 per cent in 1979, and by the end of April this year it had risen to 42.5 per cent.

During the first four months

of 1979 Renault produced 783,071 cars and light goods vehicles worldwide. Over the same period the company's exports rose 28 per cent to 223,949 units.

Renault said there had been a considerable improvement in the financial situation of its truck-building division Renault Vehicules Industriels (RVI). Sales rose by 10.6 per cent last year and RVI was able to reduce its 1978 loss, AP-DJ

Increased profit and dividend at Solvay

By Our Financial Staff

SOLVAY, the Belgian chemical group and the country's second largest industrial company, reports sharply higher profits for 1979 and is lifting its dividend.

At the net level consolidated profits are FF1.47bn (\$185m) compared to FF1.226bn, a gain of 44 per cent. The dividend on the A and B shares is going up to FF1.250 from FF1.200. The payment on the C shares is held at FF1.100.

Sales improved by 27 per cent to FF1.121bn, and higher demand allowed a better utilisation of manufacturing capacity, the company said yesterday. Selling prices were also firmer, although costs rose at a faster rate.

Industrial cash flow last year totalled FF1.261bn, up from FF1.96bn. The company's industrial operations incurred a depreciation charge of FF1.77bn which was slightly above the charge in 1978.

At the half-way stage in 1979 Solvay reported a gain of 56 per cent in earnings but its interim figures excluded the results of subsidiaries. Six month sales were FF1.60bn against FF1.48bn.

First quarter results which show a sharp fall in profits for Bekaert, the Belgian wiremaker, were "satisfactory," said Baron Antoine Bekaert, chairman, at the annual shareholders' meeting.

Business during the first half of the current year is likely to be "more profitable than expected," especially for wire, he said.

Profits for the first quarter dropped to FF1.79m against FF1.12m over the same period last year.

Skandia expects improvement

BY WILLIAM DUFFLOR, NORDIC EDITOR, IN STOCKHOLM

SKANDIA, the Swedish insurance company, expects improved results from its international operations and its capital management to offset a profit decline on its Swedish non-life insurance business this year.

Consolidated earnings should fall within the area of the last two years' profits, according to the report to shareholders.

This revises the 1979 figures given in a preliminary report in January. Final 1979 profits were SKr 583m (\$138m) compared with the SKr 510m indicated in January and the SKr 469m achieved in 1978.

As reported earlier, Skandia is celebrating its 125th anniversary by raising the dividend from an adjusted SKr 5.88 to SKr 8 a share, adding a SKr 1 bonus to make a total payment of SKr 9 a share.

Profit breaks down into SKr 261m from domestic insurance, SKr 286m from capital management and SKr 36m from Skandia's international busi-

ness. Premium income on the non-life side totalled SKr 5.5bn, of which just over SKr 3bn is attributable to business outside Sweden.

Profitability, measured as earnings after tax in relation to adjusted average equity, declined from 19.7 to 18.7 per cent last year. On the other hand, capital resources rose by nearly SKr 400m, including the new share issue of SKr 150m.

Sweden's Uddeholm Group had operating losses of roughly SKr 100m (\$24.04m) on steel operations with a turnover of SKr 3.1bn, if stock gains are not included, according to the annual report, writes Victor Kayfer in Stockholm. Power generation operations offset this, with operating earnings of SKr 105m on sales of SKr 211m.

Uddeholm, whose pre-tax profit was SKr 3m against a 1978 loss of SKr 321m, predicts a mild downturn late this year following a period of recovery. Beginning in 1981, however, the

restructuring of its stainless steel sector will yield savings of about SKr 60m a year.

Group operating profit was SKr 121m (\$29.5m) on sales of SKr 3.25bn, against an operating loss of SKr 139m on turnover of SKr 2.54bn in 1978. The 1979 figure included stock gains of SKr 179m, against SKr 8m the year before.

The annual report provides only an incomplete breakdown of operating profit by sectors and omits some comparative figures for 1978.

But including stock gains, the tooling steel sector moved from operating earnings of SKr 7m to SKr 73m on turnover that rose 31 per cent to SKr 1.02bn.

NYBY Uddeholm, the new stainless steel subsidiary that brings together the former Gränges NYBY, of which Uddeholm bought 90 per cent from Sweden's Gränges last summer — and Uddeholm's plate, wire and tube divisions, showed an operating profit of SKr 13m

Belgian banking group reports further growth

BY GILES MERRITT IN BRUSSELS

IMPROVED profits and a higher dividend are announced by Kredietbank, the third largest bank in Belgium.

The bank, which has more than 700 branches, lifted net earnings by 5 per cent to FF1.7bn (\$61m) for the year ended March 31, and as a result the payment to shareholders is going up by FF1.25 a share to FF1.335.

Kredietbank which is closely associated with the country's Flemish business community, also announces a substantial increase in balance sheet totals. Its balance sheet expanded by 14.6 per cent to FF1.490bn.

The bank's working funds also increased by FF1.55bn during the period, rising 16.4 per cent to FF1.393bn.

Kredietbank's balance sheet performance was generally in line with the two larger banking groups that make up the country's "Big Three." For calendar 1979 Societe Generale de Belgique, the largest of the banks, recorded a 14.6 per cent rise in balance sheet total to FF1.856bn, while Banque Bruxelles Lambert saw its balance sheet rise by 16.3 per

cent to just over FF1.800bn.

But the figures also suggest a slowdown during the second half of the year. Last November the bank announced that its balance sheet total had grown to FF1.408bn, which was a 16 per cent improvement on the position 12 months earlier.

The bank notes what it calls the "exceptional rise" in interest rates in Belgium in recent months, but says that despite this, demand for business and investment credits "remained brisk."

Credit to the private sector by the bank rose 21 per cent to FF1.122bn, while public sector financing was up 13 per cent to FF1.135bn.

Youghal Carpets

By Our Financial Staff

YOUGHAL CARPETS, the troubled Irish group which recently negotiated Irish £8.5m (\$7m) of government aid, reports reduced losses for 1979.

Attributable losses were £10.63m compared to £13.08m. The 1978 figures are restated to reflect a change of foreign exchange accounting.

Advance at Spanish utility

BY ROBERT GRAHAM IN MADRID

IBERDUERO, Spain's largest privately-owned utility company, reports 1979 operating profit of Pta 20bn (\$285m), up 35 per cent on the previous year. The favourable result was largely due to Iberduero's dependence on hydro-electricity and 1979 being an exceptional year for rainfall.

Almost two-thirds of power generated by Iberduero is hydro-electricity, thus lessening dependence upon its conventional oil-fired power stations. Iberduero intends to sell side Pta 13.9bn to cover divi-

dends.

Provision for taxes rose 40 per cent to Pta 4.5bn and provision for reserves increased sharply during the year. Iberduero invested Pta 38bn, a large part of which was absorbed by commitments to its nuclear programme.

Iberduero is near completion of its controversial Lemuniz power plant near Bilbao in the Basque country on which Pta 57bn has already been spent.

Sr. Pedro de Arcito, President of Iberduero, told shareholders over the week-

end that existing tariffs for electricity were insufficient. He complained that the utilities had lost some Pta 25bn in the first five months due to the Government's failure to institute adequate tariffs.

Low tariffs, along with the need to generate high dividends to attract investment funds, are resulting in reduced cash flow in turn, this is lowering the levels of amortisation. Iberduero, due to its lack of dependence on fuel-oil power generating stations, is in a more fortunate position than most.

Burmeister and Wain sells head office

By Our Financial Staff

BURMEISTER AND WAIN, the Danish shipbuilder which recently pulled out of marine diesel engine production in a deal with MAN of West Germany, has sold its administrative headquarters for DKr 125m (\$22.81m).

The buyer is the Danish commercial bank, Privatbanken. Burmeister said yesterday that the office disposal was prompted by a reduction in administration staff following the move out of marine diesels.

Burmeister explained that the offices had a group book value of DKr 47m. It added that the disposal of its marine diesel interests had recently brought something like DKr 400m into the group.

The company said that its 1979 accounts would be published around the middle of next month. Their release "had been delayed" in connection with the sale of B and W Diesel. In 1979 group pre-tax profits totalled DKr 42.3m and Burmeister has already forecast reduced earnings for 1979.

West Germany's MAN purchased just under half of B and W Diesel last year and after protracted negotiations—involving at one stage a meeting between the Danish Prime Minister and the head of MAN—the German engineer finally acquired the balance of the company's shares.

Strong rise in earnings and sales for Zanussi

BY RUPERT CORNWELL IN ROME

ZANUSSI, the leading Italian producer of domestic appliances, yesterday reported a rise of one third in parent company net earnings last year, despite continuing difficulties in home and foreign markets.

Net earnings of Industrie Zanussi SpA rose to Lit.9bn (\$21.5m) from Lit.3.3bn in 1978, on sales up by just 11 per cent to Lit.66bn (\$302m). Consolidated sales of the Zanussi group climbed by 23.5 per cent last year to Lit.1.015bn.

During last year investments by the parent company reached

Lit.6bn, while depreciation allowances totalled Lit.25.6bn. Zanussi also reported that hourly labour costs advanced by almost a quarter over 1978.

Among the other main operating divisions of the Group, the electronics sector was in deficit, while the construction sector also was hard hit by the sluggish domestic building industry. The company's electrical engineering activities also lost money, but the largest deficit came from its subsidiary Ducati Elettronica, with a loss of Lit.4.6bn.

Volvo Car cuts output

BY CHARLES BATCHELOR IN AMSTERDAM

VOLVO CAR, the Dutch subsidiary of the Swedish vehicle group, plans to cut its year's production target by 10,000 cars to 82,500 following a 30 per cent decline in the European car market in recent months.

The cut will mean that its losses will continue longer than originally expected but it hopes for a recovery in the car market next year. Despite record sales of 90,200 cars last year Volvo Car has been unable to achieve profitable levels of production. Capacity at its plant at Born

and at the component plant in St. Truiden, Belgium, which employs 750.

Applications have been made to local labour offices to introduce short-time working and talks will be held with works councils to discuss how the cuts can be implemented.

Volvo Car, the former Daf car company, makes the 66 and 340 models. The biggest cut will occur in production of 340s which are now expected to account for 74,000 of the revised production level. Stocks at the factory are at "normal" levels but they are building up at importers and dealers, the company said.

U.S. unit hits Kymi Kymmene

BY LANCE KEYWORTH IN HELSINKI

KYMI KYMMENE, the Finnish forest products, metals and chemicals group had a satisfactory year in 1979 in all its operations except for its U.S. subsidiary Leaf River Forest Products. Its result was unsatisfactory because of the high price of saw logs.

Sales of the parent company rose 20 per cent to Fm 1.73bn (\$472m) of which the paper and board division accounted for Fm 1.1bn. Kymi's Finnish and overseas mills produced 331,545 tonnes of paper and board in 1979. Its pulp output of 255,237 tonnes was used entirely by its mills at home and abroad.

The Kymi group's consolidated sales increased 21 per cent to Fm 2.64bn. If joint ventures are added, the turnover of the group was Fm 3.04bn. The parent company increased its net earnings from Fm 6m in 1978 to Fm 10.8m and paid a dividend of 10 per cent. A rights issue this year will raise share capital to Fm 286.4m.

The company's 50 per cent holding in Eurocan Pulp and Paper in Canada was sold to Euro-Chemical, another Finnish company, during the fiscal year. Star Paper of the UK, 100 per cent owned by Kymi, increased its sales 63 per cent to £49.7m (\$21m). Papeteries Boucher of France (70 per cent owned), raised its sales 28 per cent to FF1.900.8m (\$188m), and Nordland Papier, a West German joint venture, increased its turnover 33 per cent to DM 321.7m (\$182m).

Neste, the Finnish state-owned refining, petrochemicals and shipping company raised its profit 178 per cent to Fm 118m (\$31.9m) in fiscal 1979. Profitability improved in all the divisions of the company.

The 31 per cent increase in sales to Fm 8.59bn (\$3.3bn) reflects the rapid inflation characterizing the year in the oil industry. Neste said in its annual report.

Deliveries of oil products to domestic consumers increased 4 per cent, of which three percentage points were attributable to stockpiling. Petrochemical sales doubled with the start-up of benzene production. Oil accounted for 84.3 per cent of the turnover, petrochemical products for 9.8 per cent, natural gas (all imported from the Soviet Union) for 3.6 per cent and shipping for 2.5 per cent.

Crude imports increased 1.6m tonnes to 12.1m tonnes, partly because some 1978 deliveries had to be postponed. The suppliers were the Soviet Union 60 per cent, Saudi Arabia 16.4 per cent, Iraq 11 per cent, Iran 8.2 per cent, UK 3.8 per cent and Norway 0.6 per cent.

Neste concluded its first three-year crude oil purchasing contract with Petrolina, the Saudi state oil company for imports of 1m tonnes of crude last year and 2m tonnes in 1980 and 1981.

هكذا من العمل

U.S. \$75,000,000 Guaranteed Floating Rate Notes 1983

Lloyds Eurofinance N.V.

(Incorporated with limited liability in the Netherlands)

Guaranteed on a subordinated basis as to payment of principal and interest by



Lloyds Bank Limited

(Incorporated with limited liability in England)

In accordance with the provisions of the Agent Bank Agreement between Lloyds Eurofinance N.V., Lloyds Bank Limited, and Citibank, N.A., dated May 26, 1976, notice is hereby given that the Rate of Interest has been fixed at 10 1/4% p.a. and that the interest payable on the relevant Interest Payment Date, November 28, 1980, against Coupon No. 9 will be U.S. \$51.15 and has been computed on the actual number of days elapsed (183) divided by 360.

May 29, 1980

By: Citibank, N.A., London, Agent Bank

CITIBANK

Gabinete da Area de Sines

(An Agency of the Republic of Portugal)

U.S. \$50,000,000

Guaranteed Floating Rate Serial Notes 1982. Unconditionally Guaranteed as to Payment of Principal and Interest by the

Republic of Portugal

In accordance with the provisions of the Notes and Agent Bank Agreement between Gabinete da Area de Sines, the Republic of Portugal and Citibank, N.A., dated May 31, 1977, notice is hereby given that the Rate of Interest has been fixed at 11 1/4% p.a. and that the interest payable on the relevant Interest Payment Date, November 28, 1980, against Coupon No. 7 will be U.S. \$337.41 and has been computed on the actual number of days elapsed (183) divided by 360.

As a result of the principal repayment of \$1,000 per Note due May 29, 1980, pursuant to Condition 7(a) of the Notes, the value of each Note will accordingly be reduced to \$6,000.

May 29, 1980

By: Citibank, N.A., London Agent Bank

CITIBANK



Weekly net asset value on May 28, 1980

Tokyo Pacific Holdings N.V.

U.S. \$85.38

Tokyo Pacific Holdings (Seaboard) N.V.

U.S. \$62.20

Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding & Pierson N.V., Herengracht 214, Amsterdam

This announcement appears as a matter of record only. The Notes were offered and sold outside the United States of America.

U.S. \$250,000,000

Ford Overseas Finance N.V.

12 1/2 % Guaranteed Notes due May 15, 1985

Unconditionally Guaranteed as to Payment of Principal and Interest by

Ford Motor Company

Goldman Sachs International Corp.

Deutsche Bank Aktiengesellschaft

Swiss Bank Corporation (Overseas) Limited

Algemeene Bank Nederland N.V.	AMAS S.A.	A. E. Ames & Co.	Amsterdam-Rotterdam Bank N.V.	Arnhold and S. Bleichroder, Inc.
Atlantic Capital Corporation	Bache Halsey Stuart Shields	Banca Commerciale Italiana	Banca del Gottardo	Banca Nazionale del Lavoro
Banco Central S.A.	Banco di Roma	Banco Urquijo Hispano Americano	Bank of America International	The Bank of Bermuda, Ltd.
Bank Gutzwiller, Kurz, Bungeeier (Overseas)	Bank Julius Baer International	Bank für Gemeinwirtschaft	Bank für Gemeinwirtschaft	Bank Leu International Ltd.
Bank Mees & Hope NV	Banque Bruxelles Lambert S.A.	Banque Française de Commerce Extérieur	Banque Internationale à Luxembourg S.A.	
Banque Générale de Luxembourg S.A.	Banque de l'Indochine et de Suez	Banque de Paris et des Pays-Bas	Banque de Paris et des Pays-Bas	
Banque Louis-Dreyfus	Banque Nationale de Paris	Banque de Neufize, Schlumberger, Mallet	Banque de Paris et des Pays-Bas	
Banque de Paris et des Pays-Bas (Suisse) S.A.	Banque Populaire Suisse S.A. Luxembourg	Banque Rothschild	Banque de l'Union Européenne	
Banque Worms	Barclays International Group	Baring Brothers & Co.	Basle Securities Corporation	Bayerische Hypotheken- und Wechsel-Bank
Bayerische Landesbank Girozentrale	Bayerische Vereinsbank	Berger Bank	Berliner Bank	Berliner Handels- und Frankfurter Bank
Elyth Eastman Paine Webber International	B.S.I. Underwriters	Caisse Centrale des Banques Populaires	Christiana Bank og Kreditkasse	
Cazenove & Co.	Centrale Rabobank	Chase Manhattan	Chemical Bank International	Christiania Bank og Kreditkasse
Commerzbank	Compagnie de Banque et d'Investissements (Underwriters) S.A.	La Compagnie Financière	Compagnie Monégasque de Banque S.A.	
Continental Illinois	Copenhagen Handelsbank	County Bank	Credit Agricole	Credit Commercial de France
Credit Industriel d'Alsace et de Lorraine S.A.	Credit Industriel et Commercial	Credit Lyonnais	Credit Suisse First Boston	
Creditanstalt-Bankverein	Credito Italiano (Underwriters) S.A.	Daiwa Europe N.V.	Richard Duns & Co. Bankiers	Deltec Trading Company
Den Danske Bank	Den norske Creditbank	Deutsche Girozentrale	Deutsche Kommunalbank	Dewar & Associates International S.A.
Dillon, Read Overseas Corporation	Domination Securities	Dresdner Bank	Drexel Burnham Lambert	European Banking Company
Finter Bank	First Chicago	Robert Fleming & Co.	Antony Gibbs Holdings	Girozentrale und Bank der Österreichischen Sparkassen
Götabanken	Greenfields Incorporated	Groupe des Banquiers Privés Genevois	Hambros Bank	Hessische Landesbank - Girozentrale
Hill Samuel & Co.	E. F. Hutton International Inc.	IBJ International	Istituto Bancario San Paolo di Torino	Kansallis-Osake-Pankki
Kidder, Peabody International	Kleinwort, Benson	Kreditbank N.V.	Kuhn Loeb Lehman Brothers International Inc.	Lazard Brothers & Co.
Lazard Frères et Co.	Lazard Frères & Co.	Lloyds Bank International	London & Continental Bankers	LTCC International
McLeod Young Weir International	Merck, Finck & Co.	Merrill Lynch International & Co.	Samuel Montagu & Co.	Morgan Grenfell & Co.
Morgan Guaranty Ltd.	Morgan Stanley International	Nederlandse Credietbank N.V.	Nesbitt, Thompson	The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.	Norddeutsche Landesbank	Sal. Oppenheim jr. & Cie	Orion Bank	Österreichische Länderbank
Peterbroeck, van Campenhout Kempen S.A.	Pierson, Bekking & Pierson N.V.	PKBanken Investments	Postipankki	
Privatbanken	N. M. Rothschild & Sons	Salomon Brothers International	Scandinavian Bank	J. Henry Schroder Wagg & Co.
Shearson Loeb Rhoades International	Singer & Friedlander	Skandinaviska Enskilda Banken	N. V. Slavenburg's Bank	
Smith Barney, Harris Upham & Co.	Société Générale	Société Générale de Banque S.A.	Société Seguinaine de Banque	
Sparbankernas Bank	Strauss, Turnbull & Co.	Sumitomo Finance International	Svenska Handelsbanken	
Trade Development Bank Overseas Inc.	Union Bank of Finland	Union Bank of Switzerland (Securities)	Wardley	
Verband Schweizerischer Kantonalbanken	Vereins- und Westbank	J. Vontobel & Co.	S. G. Warburg & Co. Ltd.	
Westdeutsche Landesbank	Williams, Glyn & Co.	Dean Witter Reynolds International	Wood Gundy	Yamaichi International (Europe)

May 21, 1980

NOTICE OF REDEMPTION

To the Holders of

Occidental Overseas Limited

10% Guaranteed Notes due 1981

NOTICE IS HEREBY GIVEN that in accordance with the provisions of the Indenture dated as of July 1, 1975 of Occidental Overseas Limited and Occidental Petroleum Corporation to Marine Midland Bank, N.A. (formerly Marine Midland Bank New York), as Trustee, \$1,337,000 aggregate principal amount of Notes will be redeemed on July 1, 1980 (herein called the "Redemption Date") at 100% of the principal amount thereof without premium pursuant to the Sinking Fund provisions of the Indenture. As provided in the Indenture, the Notes selected for redemption by the Trustee bear the following distinctive numbers:

COUPON NOTES OF \$1,000 PRINCIPAL AMOUNT OUTSTANDING

1001	2201	3201	4201	5201	6201	7201	8201	9201	10201	11201	12201	13201	14201	15201	16201	17201	18201	19201	20201	21201	22201	23201	24201	25201	26201	27201	28201	29201	30201	31201	32201	33201	34201	35201	36201	37201	38201	39201	40201	41201	42201	43201	44201	45201	46201	47201	48201	49201	50201	51201	52201	53201	54201	55201	56201	57201	58201	59201	60201	61201	62201	63201	64201	65201	66201	67201	68201	69201	70201	71201	72201	73201	74201	75201	76201	77201	78201	79201	80201	81201	82201	83201	84201	85201	86201	87201	88201	89201	90201	91201	92201	93201	94201	95201	96201	97201	98201	99201	100201	101201	102201	103201	104201	105201	106201	107201	108201	109201	110201	111201	112201	113201	114201	115201	116201	117201	118201	119201	120201	121201	122201	123201	124201	125201	126201	127201	128201	129201	130201	131201	132201	133201	134201	135201	136201	137201	138201	139201	140201	141201	142201	143201	144201	145201	146201	147201	148201	149201	150201	151201	152201	153201	154201	155201	156201	157201	158201	159201	160201	161201	162201	163201	164201	165201	166201	167201	168201	169201	170201	171201	172201	173201	174201	175201	176201	177201	178201	179201	180201	181201	182201	183201	184201	185201	186201	187201	188201	189201	190201	191201	192201	193201	194201	195201	196201	197201	198201	199201	200201	201201	202201	203201	204201	205201	206201	207201	208201	209201	210201	211201	212201	213201	214201	215201	216201	217201	218201	219201	220201	221201	222201	223201	224201	225201	226201	227201	228201	229201	230201	231201	232201	233201	234201	235201	236201	237201	238201	239201	240201	241201	242201	243201	244201	245201	246201	247201	248201	249201	250201	251201	252201	253201	254201	255201	256201	257201	258201	259201	260201	261201	262201	263201	264201	265201	266201	267201	268201	269201	270201	271201	272201	273201	274201	275201	276201	277201	278201	279201	280201	281201	282201	283201	284201	285201	286201	287201	288201	289201	290201	291201	292201	293201	294201	295201	296201	297201	298201	299201	300201	301201	302201	303201	304201	305201	306201	307201	308201	309201	310201	311201	312201	313201	314201	315201	316201	317201	318201	319201	320201	321201	322201	323201	324201	325201	326201	327201	328201	329201	330201	331201	332201	333201	334201	335201	336201	337201	338201	339201	340201	341201	342201	343201	344201	345201	346201	347201	348201	349201	350201	351201	352201	353201	354201	355201	356201	357201	358201	359201	360201	361201	362201	363201	364201	365201	366201	367201	368201	369201	370201	371201	372201	373201	374201	375201	376201	377201	378201	379201	380201	381201	382201	383201	384201	385201	386201	387201	388201	389201	390201	391201	392201	393201	394201	395201	396201	397201	398201	399201	400201	401201	402201	403201	404201	405201	406201	407201	408201	409201	410201	411201	412201	413201	414201	415201	416201	417201	418201	419201	420201	421201	422201	423201	424201	425201	426201	427201	428201	429201	430201	431201	432201	433201	434201	435201	436201	437201	438201	439201	440201	441201	442201	443201	444201	445201	446201	447201	448201	449201	450201	451201	452201	453201	454201	455201	456201	457201	458201	459201	460201	461201	462201	463201	464201	465201	466201	467201	468201	469201	470201	471201	472201	473201	474201	475201	476201	477201	478201	479201	480201	481201	482201	483201	484201	485201	486201	487201	488201	489201	490201	491201	492201	493201	494201	495201	496201	497201	498201	499201	500201	501201	502201	503201	504201	505201	506201	507201	508201	509201	510201	511201	512201	513201	514201	515201	516201	517201	518201	519201	520201	521201	522201	523201	524201	525201	526201	527201	528201	529201	530201	531201	532201	533201	534201	535201	536201	537201	538201	539201	540201	541201	542201	543201	544201	545201	546201	547201	548201	549201	550201	551201	552201	553201	554201	555201	556201	557201	558201	559201	560201	561201	562201	563201	564201	565201	566201	567201	568201	569201	570201	571201	572201	573201	574201	575201	576201	577201	578201	579201	580201	581201	582201	583201	584201	585201	586201	587201	588201	589201	590201	591201	592201	593201	594201	595201	596201	597201	598201	599201	600201	601201	602201	603201	604201	605201	606201	607201	608201	609201	610201	611201	612201	613201	614201	615201	616201	617201	618201	619201	620201	621201	622201	623201	624201	625201	626201	627201	628201	629201	630201	631201	632201	633201	634201	635201	636201	637201	638201	639201	640201	641201	642201	643201	644201	645201	646201	647201	648201	649201	650201	651201	652201	653201	654201	655201	656201	657201	658201	659201	660201	661201	662201	663201	664201	665201	666201	667201	668201	669201	670201	671201	672201	673201	674201	675201	676201	677201	678201	679201	680201	681201	682201	683201	684201	685201	686201	687201	688201	689201	690201	691201	692201	693201	694201	695201	696201	697201	698201	699201	700201	701201	702201	703201	704201	705201	706201	707201	708201	709201	710201	711201	712201	713201	714201	715201	716201	717201	718201	719201	720201	721201	722201	723201	724201	725201	726201	727201	728201	729201	73020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KOREAN AIR LINES

Loan goes ahead amid the fighting

BY CHARLES SMITH IN SEOUL

WITH STUDENTS and soldiers fighting it out in the streets of the country's fourth largest city, the "Land of Morning Calm" might not seem to be the ideal description for South Korea these days—nor, perhaps, the most suitable title for the national flag carrier Korean Air Lines.

KAL, however, is not the sort of company to allow itself to be deterred by political problems in its home base. In the very days when the riots were at their height the company's chairman, Mr. Cho Choon-Hoon, signed a \$500m syndicated loan agreement that will finance the purchase or lease of seven new aircraft this year.

The loan comes at a time when the second biggest of Asia's airlines (only Japan Air Lines is bigger according to KAL executives) faces a severe profit squeeze; indeed some of its terms had to be renegotiated to allow for a worse than expected business performance in 1979.

But KAL executives who built up the airline's turnover from \$5m in 1968 to \$720m last year appear undeterred. Mr. C. K. Cho, executive vice-president

and younger brother of KAL's supreme boss, Mr. Cho Choon-Hoon, says sales will certainly hit \$900m in 1980. If the figures come out as predicted KAL will be one of the few Korean companies to maintain into the 80s the remarkable impetus that carried it from almost nowhere a decade or so ago.

As Mr. Cho tells it, Korean Air Lines was an embarrassing white elephant in the late '60s

KAL is not the sort of company to be deterred by political problems in its home base . . .

when the Hanjin transport group (of which the Cho brothers are founder-managers) was asked to acquire the airline from the Government. KAL was losing a million dollars a year on its turnover of \$5m in those days and "we were the second smallest airline in Asia, next only to Air Vietnam."

Hanjin took over KAL because a Presidential request to do so was worded in terms which admitted no refusal, and

because it felt it could afford it. From mid-1968 until the end of the decade Hanjin was making large profits in South Vietnam as a transport contractor to the U.S. military—so large that in at least one year it ranked as the nation's top earner of foreign exchange.

KAL had a fleet of seven propeller driven aircraft and one jet (a DC-9) at the time of the Hanjin takeover and was flying mainly domestic routes (where fares were fixed at unprofitable levels by the Government, as they still are). The year after the takeover, however, was a year when Japan and KAL were quick to get its share of the booming tourist traffic that resulted. Frequencies to the major Japanese cities were stepped up sharply in the early 1970s. Then, a few years later, KAL took the bold step of inaugurating direct services (services that did not call at Tokyo) between Seoul and the U.S.

The beginning of direct flights to the U.S. meant that KAL was no longer expanding "by courtesy of Japan Air Lines"—in that it did not have to seek Japanese approval every time it planned a new transpacific (or for that matter south east Asian or even European) route. It also meant the beginning of a gamble, which could have ended in disaster. Other international airlines were not initially keen to fly direct services to Seoul, so KAL had no quid pro quo with which to bargain for landing rights. In addition, aircraft flying out of Seoul on, for example the polar routes

to the U.S. and Europe, had to be more lightly loaded than similar aircraft flying from Tokyo, because of more difficult weather conditions.

KAL got its American landing rights, in part by adopting a policy of wholeheartedly supporting American aviation policies (including low fares)—unlike Japan which has continued to fight the Americans over such issues. It won landing rights in Paris in 1975 by becoming the first Asian airline to buy A300 European airbuses (eight aircraft were purchased for \$150m). Air France which was given reciprocal landing rights in Seoul was slow to take them up but will finally be inaugurating a Paris-Seoul service this summer.

KAL might well have failed to pull off some of its more ambitious coups if it had had to

... though the flow of tourists may be reduced, its main headache is the price of oil.

rely on passenger traffic alone, or even if its dependence on passengers had been as heavy as that of most other airlines. The Korean export boom which got under way in the early '70s meant, however, that freight was always the fastest growing portion of KAL's business. Freight today accounts for 30 per cent of turnover and most of the airline's major intercontinental services started by carrying freight only, before passenger aircraft were introduced.

An additional (unpublished) bonus to KAL is its involvement in defence. The airline assembles Hughes helicopters and recently gained the contract for overhauling U.S. phantom fighters based in Korea—a contract switched from Taiwan after the U.S. normalised its relations with the People's Republic of China in December 1979.

KAL's main headache in mid-1980 is not the political situation in South Korea, although that may certainly reduce the flow of tourists into the country during the next few months, but the price of oil. "We are paying \$1.23 per gallon for aviation fuel today, compared with 46 cents a year ago, and fuel accounts for 30 per cent of our operating costs, compared with 6 per cent to 7 per cent in the old days," says Mr. C. K. Cho.

KAL could cover the oil bill by stretching out the period on which it depreciates its aircraft but is reluctant to do this. Alternatively it could raise fares—but this too is an unwelcome prospect.

What KAL has so far done is to hold a five-day, four-night seminar during which the airline's middle and junior managers "ate together, sang together" and racked their brains to think of ways of saving money. Economies will range from new ways of saving fuel to writing on both sides of the paper, says Mr. Cho. The aim is to keep net profits after tax at 1 per cent of turnover, but this modest target could be the toughest that KAL has yet set itself.

Decline at Bank of Tokyo

BY OUR TOKYO CORRESPONDENT

THE BANK OF TOKYO, Japan's foreign exchange specialist, reported yesterday that its net profit for the half-year which ended March 31 declined 17.4 per cent from the previous half-year ended September 30, 1979, to ¥12.8bn (\$32.88m) mostly as a result of losses on its large holding of bonds, mainly Government bonds.

The bank's foreign currency denominated business, 66 per cent of total activities, also fell 6.3 per cent because of the higher costs in international capital markets during the six

months. On the foreign currency business side, it is believed that the other major Japanese City banks, which will announce results later this week, suffered even greater declines.

The Bank of Japan may buy a substantial amount of National bonds from local financial institutions, mainly banks, next month to ease an anticipated fund shortage resulting from the summer bonus season for workers, bank officials said.

This would be the central bank's first such buyback operation since last December, Reuter reports from Tokyo.

Japan electronics groups ahead

BY YOKO SHIBATA IN TOKYO

A STRONG improvement in earnings led by semiconductor sales was reported by two major telecommunication and electronics makers, Nippon Electric Company (NEC) and Oki Electric Industry, and a consumer electronics maker Sharp, for the fiscal year to March 1980.

Thanks to brisk demand for semiconductors from Japan's consumer and industrial electronics industries, the three enjoyed record sales and earnings. In particular, sales of the semiconductor division of each company showed a marked gain; semiconductor sales for NEC rose by 39.5 per cent contributing 23.2 per cent of the total sales of ¥719.77bn, up 46 per cent for Oki Electric to

account for 11.6 per cent of a ¥165.50bn total turnover; and up 19 per cent for Sharp to account for 33.7 per cent of ¥395.24bn in sales.

In addition, strong sales of electronic computers (for NEC), and electronics office equipment (for Oki) made up for dull sales of telecommunication equipment to NTT (Nippon Telegraph and Telephone).

Mass production of semiconductors, supported by strong demand, lowered production cost significantly, which accounted for spectacular gains in operating profits for NEC and Oki, up 104 per cent and up 79.1 per cent respectively.

Improved export profitability resulting from the yen's depreciation worked for earnings gains;

NEC's exports, especially telecommunication equipment, rose by 24 per cent, accounting for 30.6 per cent of turnover. Exports for Oki Electric rose 22 per cent, accounting for 12 per cent of total turnover. Sharp's export went up by 10.8 per cent, to account for 48 per cent.

For the fiscal year ending March 1981, the three makers are predicting annual sales growth of 30-40 per cent in semiconductors, thanks to active capital investment. Because of strong potential demand, the three makers plan further heavy capital outlays for capacity expansion and new mass production lines of upgraded products.

NEC envisages semiconductor-related outlays of ¥30bn; a ¥12bn outlay is planned by Oki Electric and ¥11bn for Sharp.

		Sales		Operating profits		Net profits	
		Ybn	change%	Ybn	change %	Ybn	change %
NEC	1979-80	719.8	+17.0	23.5	+104.0	13.1	+72.0
Forecast	1980-81	815.0	+27.3	35.0	+49.8	18.0	+37.0
Oki	1979-80	165.5	+21.1	9.9	+79.1	3.1	↑
Forecast	1980-81	184.0	+11.0	7.5	+24.0	3.4	+11.0
Sharp	1979-80	395.2	+14.4	23.6	+42.6	12.5	+44.8
Forecast	1980-81	465.0	+18.0	28.5	+21.0	15.0	+20.0

↑ Loss in 1978-79 of ¥1.4bn

Advance for Nippon Yusen

TOKYO — Nippon Yusen K.K., Japan's leading shipping company, has reported parent company net profit for the year ended March 31, ¥3.89bn (\$17.8m), up 17.5 per cent from last year's ¥3.31bn. Revenues gained 26.8 per cent to ¥454.22bn (\$2.1bn).

Revenues from regular line operations went up to ¥180.12bn from ¥149.07bn. Those from irregular line services were ¥145.09bn compared with ¥95.82bn. Earnings from other operations totalled about ¥72bn, up from ¥62bn.

Net income per share was ¥4.91 compared with ¥4.83. The year-end dividend was unchanged at ¥4.

The company expects sales and profit to level off in the current year mainly because of the Yen's rise causing a slowdown in the nation's exports. Net profit is forecast at about ¥3.9bn on sales of about ¥430bn. AP-DJ

THE PHILIPPINE INVESTMENT COMPANY S.A.

Net Asset Value as of April 30, 1980 U.S.\$12.46

United Luxembourg Stock Exchange
Banque Générale du Luxembourg
(Investment Bankers)
Manila Pacific Securities, SA

The Mitsubishi Bank, Limited (London Branch)

US \$30,000,000

Negotiable Floating Rate U.S. Dollar
Certificates of Deposit
Maturity date November 28, 1980



In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the six month period from May 29, 1980 to November 28, 1980 the Certificates will carry an interest rate of 10 1/4% per annum.

Agent Bank
Orion Bank Limited



YONTOBEL EUROBOND INDICES

	14.76-100%		
PRICE INDEX	205.80	275.80	205.80
DM Bonds	94.96	95.13	95.13
HFL Bonds & Notes	92.05	92.52	92.52
U.S. \$ 5 Yr. Bonds	98.03	98.51	98.51
Can. Dollar Bonds	90.40	90.57	90.57
AVERAGE YIELD	205.80	275.80	205.80
DM Bonds	9.527	9.505	9.505
HFL Bonds & Notes	8.899	8.891	8.891
U.S. \$ 5 Yr. Bonds	11.221	11.221	11.221
Can. Dollar Bonds	11.259	11.259	11.259

Mothercare® everything for the mother-to-be and her baby... and children up to ten.

FINAL RESULTS (52 weeks to Friday 28th March 1980)

	1980 £'000	1979 £'000	Increase %
Sales (excluding VAT)			
UK	129,816	105,722	23
Europe	17,483	15,296	14
USA	12,873	9,659	33
	160,172	130,677	23
Trading profit			
UK	21,226	15,725	35
Europe	1,001	1,622	(38)
USA	(385)	(1,593)	—
	21,842	15,754	39
Other items	436	—	—
Profit before tax	22,278	15,754	41
Tax			
UK	10,572	7,516	41
Europe	594	619	(4)
USA	21	17	24
	11,187	8,152	37
Profit after tax	11,091	7,602	46
Earnings per share	17.20p	11.79p	46

* The final dividend recommended is 3.38p (1979 2.25283p) per share, making a total dividend for the year on ordinary shares of 5.00p (1979 3.38883p) per share, an increase of 48%.

* European and USA subsidiaries' accounts are for the 52 weeks to 28th February 1980 (53 weeks to 2nd March 1979). Mothercare Finance Limited has been consolidated for the first time. The figures for 1979 have been adjusted for comparison purposes.

* Profit before tax includes investment income less interest paid of £1,024,000 (1979 £408,000).

* Other items consist of the following—
Capital receipt 182
Profit on disposal of properties 274
436

* Total exports exceeded £13.9 million, an increase of 16%.

* During the year new stores have been opened in Bury St Edmunds, Falkirk, Horsham, Milton Keynes, Rochdale, Staines, Warrington, Wokingham, Windsor, Vienna South (Austria), Antwerp and Liege (Belgium), The Hague (The Netherlands), Ayr and Basel (Switzerland). In the USA & New Mothercare stores opened and 6 Mother-to-be stores were closed as planned.

* The number of stores trading at the year end was:
UK 186 (1979-177)
Europe 24 (1979-18)
USA 158 (1979-154)

Copies of the Annual Report may be obtained on request to the Secretary.

Mothercare Limited

CHERRY TREE ROAD, WATFORD, HERTS WD2 5SH

Austria · Belgium · Denmark · The Netherlands
Norway · Sweden · Switzerland · United Kingdom
United States of America · West Germany

Scandinavian Finance B.V.
(Incorporated in the Netherlands with limited liability)

Issue of £20,000,000

Sterling Floating Rate Notes 1990

Guaranteed on a subordinated basis by

Scandinavian Bank Limited

(Incorporated in Great Britain with limited liability)

The issue Price of the Notes is 100 per cent. of their principal amount.

The following have agreed to subscribe or procure subscriptions for the Notes:

Morgan Grenfell & Co. Ltd. S. G. Werburg & Co. Ltd. Morgan Stanley International
Bergan Bank A/S Den Danske Provinsbank A/S Union Bank of Finland Ltd.

The £20,000,000 of £1,000 each constituting the above issue have been submitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Notes.

Particulars of the Notes are available in the statistical services of the Council of The Stock Exchange and may be obtained during usual business hours up to and including 2nd June, 1980 from the Brokers to the issue.

Caespote & Co.,
12 Throgmorton Avenue,
London, EC2N 2AN.

مكتبة الأهل

LAFARGE

Société Anonyme with a capital Fr. 589,838,800
Registered Office: 28 rue Émile Ménier, Paris 16e

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Lafarge will be held at the Centre Français du Commerce Extérieur, Salle Hubert Roussellier, 10 avenue d'Alsace, Paris 16e at 5.00 p.m. on Wednesday, 18th June 1980 for the purpose of transacting the following business:

- To receive the report of the Board of Directors on the operations of the Company for the financial year of 1979 and to approve the operations, the accounts and the balance sheet for the financial year of 1979 together with the revaluation of fixed assets; to approve the appropriation of the profits and to declare a dividend.
- To approve the agreements contemplated by Article 101 of Statute 66-537 of 24 July 1966.
- To re-elect Mr. Pierre Celler and Mr. Jean François and to elect Mr. Evance Arnold Coppee and Mr. Roger Martin as Directors of the Company.
- To approve an increase in Directors' attendance fees from 1980.
- Other business.

Notice is hereby given that an Extraordinary General Meeting of the Company will be held on the same day following the Annual General Meeting for the purpose of transacting the following business:

- To approve the offers to the respective shareholders of Société Carbonisation Entreprises et Ciments, of Compagnie des Sablières de la Seine and of Société des Pâtisseries de France and to increase the capital (and effect a consequential alteration to Statute 6 of the Statutes of the Company by up to a maximum of Fr. 501,231, which shall be issued as consideration therefor, up to a maximum of Fr. 570,940,031).
- To consider other matters arising in connection with the offers.
- To amend the objects of the Company (Statute 2); to increase the number of shares that Directors of the Company must hold (Statute 14); to alter the retiring age of Directors (Statute 14 and 32); to delete Chapter IV and Statute 21 relating to the Censeurs.
- Other business regarding the implementation of the decisions of the General Meeting.

All Shareholders, irrespective of the number of shares held, are entitled to attend the Annual General Meeting or to be represented by a joint holder or another Shareholder provided that:

- In the case of holders of Registered Shares, they were entered on the Register of Members at least five days before the date of the meeting.
- In the case of holders of Bearer Shares, at least five days before the date of the meeting they have either deposited their shares at the Registered Office of the Company, 28 rue Émile Ménier, Paris 16e, or produced evidence that their shares have been deposited with certain banks or credit institutions.

The documents to be produced to the Annual General Meeting will be available for inspection by Shareholders during the period prescribed by French law at the Registered Office of the Company. Shareholders wishing to attend the Annual General Meeting will receive upon request an Admission Form. Upon request, Forms of Proxy are available to Shareholders who are unable to attend the Annual General Meeting in person.

The Board of Directors.

Copies of the full text of the resolutions to be proposed at the Annual General Meeting and Extraordinary General Meeting may be obtained from the offices of Kleinwort, Benson, Limited, 20 Fenchurch Street, London, EC3P 3DB. A list of the names and addresses of the banks and credit institutions with which Bearer Shares may be deposited in France prior to the meeting, Admission Forms and Forms of Proxy may also be obtained in the United Kingdom at the above offices of Kleinwort, Benson Limited.

U.S. \$25,000,000



Bergan Bank A/S

Floating Rate Capital Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 29th May, 1980 to 29th August, 1980, the Notes will carry an Interest Rate of 10 1/4% per annum. The relevant Interest Payment Date will be 29th August, 1980 and the Coupon Amount per U.S.\$1,000 will be U.S.\$25.56.

Credit Suisse First Boston Limited
Agent Bank

U.S. \$100,000,000



Manufacturers Hanover Overseas Capital Corporation

Guaranteed Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 29th May, 1980 to 29th August, 1980, the Notes will carry an Interest Rate of 9 1/4% per annum. The relevant Interest Payment Date will be 29th August, 1980 and the Coupon Amount per U.S.\$1,000 will be U.S.\$25.24.

Credit Suisse First Boston Limited
Agent Bank

Tokyo Pacific Holdings N.V.
Tokyo Pacific Holdings (Seaboard) N.V.

The Quarterly Report as of 31st March 1980 has been published and may be obtained from:

Pierson, Heiding & Pierson N.V.
Herengracht 214, Amsterdam
Sal. Oppenheim Jr. & Cie.
Unter Sachsenhausen 4, 5 Köln
National Westminster Bank Limited
Stock Office Services,
8th Floor, Drapers Gardens
12 Throgmorton Avenue,
London EC2P 2ES
Banque de Paris et des Pays-Bas
3 rue d'Amst, Paris 2
Boulevard Émile Jacquemah 162,
Bruxelles
Banque de Paris et des Pays-Bas
pour le Grand-Duché de Luxembourg
10a Boulevard Royal, Luxembourg
K. M. Rothschild & Sons Limited
New Court, St. Swithin's Lane,
London EC4A
Banque Rothschild
21 Rue Laiffite, Paris 8
International Pacific Corporation
Limited
Royal Exchange Building
58 Pitt Street, Sydney N.S.W. 2000
Merrill Lynch International & Co.
all European offices

APPOINTMENTS

Board changes at Agfa-Gevaert

Three managerial changes are announced by AGFA-GEVAERT. Mr. G. Abrams, managing director of Agfa-Gevaert (UK) since 1968, moves to Leverkusen, West Germany, to become marketing director of the photo division within the parent company. Mr. R. P. Dickinson, who for three years has headed the reprographic division of Agfa-Gevaert (UK), steps up to managing director of the British company from June 1. Mr. J. S. Stahler, head of finance and administration, now also becomes deputy managing director of the British company.

Professor E. Howel Francis, head of the department of Earth Sciences at Leeds University, has been elected president of the GEOLOGICAL SOCIETY OF LONDON.

The CLOTHING MANUFACTURERS' FEDERATION has elected the following officers: chairman, Mr. Frank Lacombe (AquaScutum); senior vice-chairman, Mr. Thomas Harmer (P. W. Harmer and Co.); and treasurer, Mr. John Williams (Ben Williams and Co.).

CHESTER BARRE CLOTHES.

a member of the Austin Reed Group, has appointed Mr. Colin Evans as sales director, and Mr. John Hann as London sales manager.

MEPC has appointed Mr. Paul W. Spelhor, Jr. as president and a director of MEPC American Properties Inc. from July 1.

Mr. Neville Mills has been appointed managing director of the NATIONAL BANK OF KUWAIT's first European representative office in London, at 4, Copthall Avenue, EC2.

Mr. Roland Poczek has been elected executive director of BANKERS' TRUST INTERNATIONAL, the wholly-owned international banking subsidiary of Bankers Trust Company.

Mr. R. W. Turner has been appointed to the Board of D. S. TURNER AND CO. as director of quality.

Mr. Graham Davies, manufacturing manager, has been appointed production director from June of SIMONWARMAN, Toden following the retirement of Mr. S. J. Watson.

Mr. Gerard G. Elms, has been appointed managing director of MASSON SCOTT THIRSELL ENGINEERING, a part of Molins.

Mr. P. N. Buckley has been appointed director of PROVIDENT MUTUAL LIFE ASSURANCE ASSOCIATION.

Having completed his term of office as chairman of the BRICK DEVELOPMENT ASSOCIATION, Mr. David Jones is succeeded by Mr. Douglas Hartley.

Mr. M. J. Bentley has resigned as director of LAZARD BROTHERS from May 31.

Mr. Patrick Larragy, company secretary of IRISH INTERCONTINENTAL BANK, has been appointed to the Board. Irish Intercontinental Bank is a subsidiary of the Kredietbank Group of Belgium.

Mr. David P. Gordon has been appointed marketing director of COATED SPECIALITIES, a part of the Bunnell Pulp and Paper Group. In addition to responsibility for sales, marketing, advertising and sales promotion, he will also deputise for the managing director.

Mr. Paul Philo has been appointed a director of SOLAR UNDERWRITING AGENCIES.

Lady Janner has been elected vice-chairman of the INSTITUTE OF ADVANCED MOTORISTS. She succeeds Mr. Michael Pickering, who became chairman of the Institute at the end of 1979.

Mr. J. E. Sweeney has been elected as a representative subscriber of the LONDON METAL EXCHANGE on behalf of E. F. Hutton and Co. (London), of which he is managing director.

HARCOSTAR, Huntingdon, plastics blow-moulding subsidiary of the Butterfield-Harvey Group of Companies, has appointed Mr. Peter Rasthorn, as production director. He joins the company from Comber.

WOOD BROS., manufacturer of reproduction oak furniture, has appointed Mr. Derek Unthank as sales director.

Mr. W. Lloyd has been appointed KUEHNLE AND NAGEL regional director responsible for West Country freight forwarding facilities.

CURRENCIES, MONEY and GOLD

Dollar recovers

The dollar recovered some of the ground lost earlier this week in currency markets yesterday, helped partly by a slightly firmer trend in Euro-dollar rates. Its recovery came without the central bank support which it had attracted on Tuesday, with end-of-month considerations adding to the general demand. Against the D-mark it rose to DM 1.7730 from DM 1.7615 on Tuesday and SwFr 1.6470 against SwFr 1.6375 in terms of the Swiss franc. The Japanese yen was also weaker, and the dollar closed at ¥233.40 compared with ¥232.40 previously. On Bank of England figures, the dollar's trade-weighted index rose from 83.4 to 84.1.

Sterling was slightly weaker overall as foreign demand soon on Tuesday fell away. But sterling retained a firm undertone with interest rates remaining high. The announcement of a \$2 a barrel rise in the price of North Sea oil came too late to affect trading. Against the dollar it opened at \$2.3650, 2.3655 and ended at \$2.3625 quite quickly, with trading for most of the morning seen between \$2.35 and \$2.3650. At noon the pound stood at \$2.3625, but as demand for the dollar increased it slipped to \$2.3425. Demand for the dollar dried up towards the close, and sterling recovered to \$2.3585-2.3595, a fall of 1.15c from Tuesday. On Bank of England figures, its trade-weighted index fell slightly to 74.6 from 74.7, having stood at 74.8 at noon and in the morning.

D-MARK—Showing renewed strength against the dollar and steady within the European Monetary System, following a cover end of month book squaring operations. The dollar recovered some of the ground lost earlier this week in currency markets yesterday, helped partly by a slightly firmer trend in Euro-dollar rates. Its recovery came without the central bank support which it had attracted on Tuesday, with end-of-month considerations adding to the general demand. Against the D-mark it rose to DM 1.7730 from DM 1.7615 on Tuesday and SwFr 1.6470 against SwFr 1.6375 in terms of the Swiss franc. The Japanese yen was also weaker, and the dollar closed at ¥233.40 compared with ¥232.40 previously. On Bank of England figures, the dollar's trade-weighted index rose from 83.4 to 84.1.

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YEN—Energy and balance of payments problems reflected in sharp decline last year. Although the situation over oil supplies remains uncertain, easier U.S. interest rates have helped the yen recovery. The dollar continued to improve against the Japanese yen in Tokyo yesterday, closing at ¥222.85 compared with ¥220.80 on Tuesday. Trading was very busy but there was no intervention by the Bank of Tokyo. Dealers suggested that there may have been some short covering ahead of U.S. trade figures as well as demand to cover end of month book squaring operations.

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THE POUND SPOT AND FORWARD

May 28	Day's Spread	Close	One month	Two months	Three months
U.S.	2.3425-2.3500	2.3485-2.3565	1.76-1.80 pm	1.80-1.85 pm	1.85-1.90 pm
Canada	2.2710-2.2800	2.2710-2.2800	1.20-1.25 pm	1.25-1.30 pm	1.30-1.35 pm
Netherlands	4.57-4.61	4.59-4.63	2.1-2.15 pm	2.15-2.20 pm	2.20-2.25 pm
Belgium	66.00-67.20	66.00-67.20	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Denmark	12.12-12.17	12.12-12.17	2.1-2.15 pm	2.15-2.20 pm	2.20-2.25 pm
Ireland	1.180-1.175	1.180-1.175	0.00 pm-0.05 pm	0.05-0.10 pm	0.10-0.15 pm
W. Ger.	4.14-4.20	4.14-4.20	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Portugal	114.20-115.70	114.20-115.70	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Sweden	8.80-8.85	8.80-8.85	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Italy	1.65-1.68	1.65-1.68	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Norway	11.41-11.50	11.41-11.50	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
France	8.80-8.85	8.80-8.85	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Japan	220-230	220-230	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Austria	22.50-23.50	22.50-23.50	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Switzerland	3.85-3.90	3.85-3.90	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm

Baglion rate is for convertible francs. Financial lease: 67.85-68.25.

31-month forward dollar 7.02-8.22 pm. 12-month 10.10-10.20 pm.

THE DOLLAR SPOT AND FORWARD

May 28	Day's Spread	Close	One month	Two months	Three months
U.K.	2.3425-2.3500	2.3485-2.3565	1.76-1.80 pm	1.80-1.85 pm	1.85-1.90 pm
Canada	2.2710-2.2800	2.2710-2.2800	1.20-1.25 pm	1.25-1.30 pm	1.30-1.35 pm
Netherlands	4.57-4.61	4.59-4.63	2.1-2.15 pm	2.15-2.20 pm	2.20-2.25 pm
Belgium	66.00-67.20	66.00-67.20	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Denmark	12.12-12.17	12.12-12.17	2.1-2.15 pm	2.15-2.20 pm	2.20-2.25 pm
Ireland	1.180-1.175	1.180-1.175	0.00 pm-0.05 pm	0.05-0.10 pm	0.10-0.15 pm
W. Ger.	4.14-4.20	4.14-4.20	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Portugal	114.20-115.70	114.20-115.70	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Sweden	8.80-8.85	8.80-8.85	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Italy	1.65-1.68	1.65-1.68	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Norway	11.41-11.50	11.41-11.50	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
France	8.80-8.85	8.80-8.85	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Japan	220-230	220-230	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Austria	22.50-23.50	22.50-23.50	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm
Switzerland	3.85-3.90	3.85-3.90	1.00 pm-1.05 pm	1.05-1.10 pm	1.10-1.15 pm

U.K. and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currencies.

CURRENCY RATES

May 27	Bank's rate	Special Drawing Rights	European Currency Unit	May 28	Bank's rate	Special Drawing Rights	European Currency Unit
Asterisks...	17	0.556003	0.600617	Switzerland...	...	...	...
U.S. \$...	15	1.32064	1.42388	Canada dollar...	...	...	...
Canadian \$...	11.88	1.55996	1.65318	Austrian dollar...	...	...	...
French franc...	16	1.36588	1.46912	Austrian schilling...	...	...	...
Belgian franc...	14	37.45200	40.0280	Belgian franc...	...	...	...
Danish kr...	13	7.28323	7.74751	Deutsche mark...	...	...	...
German mark...	10	2.36015	2.50115	Swiss franc...	...	...	...
Italian lire...	10	2.56354	2.78789	French franc...	...	...	...
French franc...	10	4.64500	5.07494	French franc...	...	...	...
Lira...	16	1.36588	1.46912	U.S. dollar...	...	...	...
...	10	289.748	311.774	...	...	...	...
Norwegian kr...	6	6.53020	6.98292	...	...	...	...
Spanish pes...	16	1.36588	1.46912	...	...	...	...
Guillem...	16	1.36588	1.46912	...	...	...	...
...	40	5.00074	5.29230	...	...	...	...
Swiss franc...	5	2.10717	2.24507	...	...	...	...

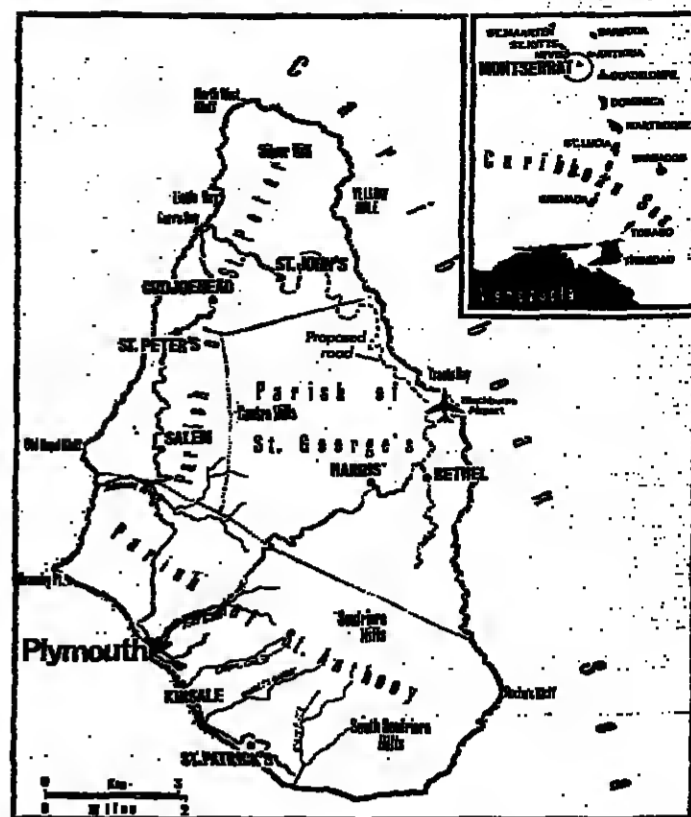
Based on rates weighted according to Washington agreement December 1971 (Bank of England index = 100).

FINANCIAL TIMES SURVEY

Thursday May 29 1980

Montserrat

Britain's last colony in the Windward and Leeward Islands has so far escaped the effects of unease in the Caribbean basin. Montserratians remain committed to a free enterprise economy and to a colonial relationship with the UK, but they know that one day they will be led to independence. RAYMOND WHITAKER reports.



Island adapts to hard reality

THE CARIBBEAN basin is more uneasy now than it has been for several years. The waters between Cuba and Florida have been dotted with thousands of refugees escaping the austerities of President Fidel Castro's regime, starvation in Haiti is driving many of its inhabitants to sail for the U.S., Jamaica is going through severe economic trials and in Grenada Mr. Maurice Bishop's new Jewel Movement has tagged the first coup in the Commonwealth Caribbean.

The U.S. economy is going into recession, and its island neighbours to the south know that sooner or later they will feel the effects. So far, however, these calamities have barely ruffled the surface of life in Montserrat, Britain's last colony in the Windward and Leeward Islands.

Too few assets

The second element of the island's credo, free enterprise, is also tempered by reality. The truth is that Montserrat has no economic base. There are few natural resources, the agricultural sector is struggling and the island relies for its income almost exclusively on tourism, development grants and remittances from emigrants. An effort is now being made to attract

offshore banks and insurance companies.

Mr. Osborne and his colleagues are aware that their tiny home has too few assets to equate free enterprise with *laissez-faire* capitalism; the Government has to be the engine of development to a degree that most would call socialist.

What Montserrat does have to offer is intangible — natural beauty, political stability and hospitality. It is this combination of qualities that has attracted so many Americans, Canadians and Britons to build retirement and holiday homes here, and the same combination which has prevented their presence from altering the island's way of life for the worse.

These attributes decided George Martin, best-known for his work with the Beatles, to build a recording studio on Montserrat. The inhabitants breathlessly await the arrival this summer of Ringo Starr, who is coming to record songs for his next album.

Mr. Paul Tien, a Chinese-American engineer, is another who has fallen under the spell of the island. When his son could not gain a place at an American medical school, he decided to build his own, and chose Montserrat for the honor.

That is both exaggeration and oversimplification. But the truth is just as curious: the American Medical Association has managed to provide a windfall for many grateful Caribbean islands.

The AMA, like any self-respecting monopoly, seeks to protect the incomes of American doctors by restricting the number of medical schools it licenses.

But the U.S. government insists that any foreign doctor who can pass its qualifying exam should be allowed to do his clinical studies at an American hospital, and thereafter be licensed to practise.

The result is that nearly a dozen "offshore medical schools" have sprung up in the Caribbean. If one has to study outside the U.S., why not do so in attractive surroundings? They supply the theoretical training (under the watchful eye of the World Health Organisation) and if the student passes his qualifying exam, his future career is assured.

Mr. Tien's grandly-named American University of the Caribbean—or AUC as the locals call it—was almost enough on its own to pull Montserrat's economy out of the stagnation of 1977 and 1978. The construction sector got an EC\$8m shot in the arm, and the arrival of the first 500 students a few months ago had an equally encouraging effect on the service sector.

One might imagine that the arrival of 500 medical students from all parts of the world, increasing Montserrat's population by nearly 5 per cent at a stroke, would be highly disruptive. But so far the island seems to be taking the whole thing in its stride.

Montserrat's small population is almost like an extended family, perhaps that is why it is able to absorb its students and tourists with so little difficulty. As one taxi-driver told me: "I may not know everybody's name, but I'll nearly always recognise the face."

Unlike some families, however, there is a heartening absence of envy of the other man's lot, as shown by the very modest crime rate. Although there is some poverty on the island, it is impossible to starve. Education and health services are more than adequate. The deprivation and social upheavals that afflict so much of the Caribbean are absent here. Some might say that this has led to a lack of ambition — the evidence is there if you want to find it — but it has also helped to preserve the courtesies all too lacking elsewhere.

has not always been characteristic of Montserrat. The island, named by Columbus for its similarity to the mountains behind Barcelona, was first settled in 1632 by Irish Catholics from nearby St. Kitts, who complained of persecution from Protestant colonists there. The island is proud of its Irish origins—traces survive in the shamrock stamped in one's passport on arrival, another shamrock surmounting the Governor's residence, the harp in the arms of Montserrat, place names like Kinsale and St. Patrick's and surnames like Ryan and Farrell—but the Catholics have long been outnumbered by Anglicans and Methodists.

Invaded

Montserrat was invaded several times by the French in the 17th and 18th centuries, which may account for the island's sulphur springs being dubbed "soufrieres," the French word for cooking-pot.

But in 1782 the island became British for good. There have been few alarms since, although a high rate of emigration following the sudden decline of agriculture in the 1950s and 1960s may have saved Montserrat from a good deal of social strife.

Montserratians are not complacent, however, and voted the last Government decisively out of office when they decided that their leaders might be.

Montserrat had been under the control of the Brambles, père et fils, for 17 years before the elections in 1978. Mr. William Bramble, a former plantation worker, cotton dealer and trade union leader, was Chief Minister for 10 years before his son Austin mounted a successful election campaign against him in 1971 — surely almost the only occasion a son has dislodged his father by constitutional means. But in 1978 it was Austin's

turn to fall. Mr. Osborne and his Peoples Liberation Movement — the title should not be taken too literally — swept all seven seats in the legislative council on a platform of better economic management and more sensitivity to the needs of the people.

With the subsequent arrival of a new Governor, Mr. David Dale, there has been quite a sharp break with the past in the conduct of the island's affairs. Though the PLM manifesto is robust in its condemnation of the Brambles, however, father and son set a standard of administration that was a good deal better than many other colonial governments, and forged an independence of operation that the new leaders will not want to repudiate.

There is one point significantly absent from the manifesto that won the PLM control of the island, and that is the question of independence.

But Mr. Osborne concluded his budget speech this year by saying: "Most of our Caribbean neighbours have already moved into independence, and there has been some speculation that pressure might be put on us to go the same way. Let me state, here and now, that no such pressure has been brought to bear on this Government; nor is it our intention to seek independent status in the immediate future."

"I said last year that our most important immediate goal was economic and financial self-sufficiency, which must come before any kind of political independence, and I have no reason to change this view." The immediate aim, both of the Government and the British officials charged with overseeing Montserrat's affairs, is to end the annual grant-in-aid that is needed to cover the shortfall in recurrent expenditure. From the Government's point of view, this would obviate the irksome need for Whitehall to approve the budget each year.

In 1976 the grant-in-aid was EC\$3.03m, or 31.5 per cent of the total recurrent budget. Last year the amount of assistance had declined by nearly 60 per cent—and by even more in real terms—to EC\$1.3m, and has been set at just over EC\$1m for 1980. The proportion of British aid was down to 13.2 per cent in 1979, and will decline further to 7.8 per cent this year.

But the island will remain dependent on foreign aid for capital expenditure for many years to come. The public sector investment programme for the 1980-83 programme totals EC\$35.8m, and almost all of this will have to be financed from outside.

Generous help

Apart from the British Development Division, Montserrat has over the years received remarkably generous assistance from Canada, as well as from the Caribbean Development Bank and the United Nations Development Programme. The island is finding new sources of assistance as well; the European Development Fund has helped to repair hurricane damage and the Venezuelan Government is studying the

feasibility of extending Blackburne Airport.

Many independent states need just as much outside help, however—some British colonies have even received budgetary assistance after the Union flag has been lowered. Mr. John Dublin, the island's Deputy Chief Minister, says he can see the day when Montserrat might move into "independence-in-association"—the stage which neighbouring Antigua has reached—possibly after the next elections, due in 1983.

"Eventually independence will be inevitable," he said, "but the people need to be educated on the matter. We have started to discuss the pros and cons of independence, so that people can make up their minds on the basis of the facts." It would be sad if the mood of stringency now abroad in Whitehall were to make the Montserratians feel at some future date that they were hurriedly being pushed out to face the world alone.

To a country the size of Montserrat, Britain appears a vastly wealthy nation. It would be very difficult for the island's 12,000 inhabitants to believe that its colonial mentor no longer felt able to help.

Investment Opportunities for the Eighties

Combine one part of infra structural development with an equal part of generous tax incentives. Then add one portion each of a manually adept labour force and a stable political climate—The end-product is Montserrat's industrial base today.

Industrial Objective

The main objective of our Industrial efforts is to assist in achieving full employment and improving the income distribution in the island. To this end, a number of agro-based and employment oriented industrial projects which do not ordinarily provide the profit margins that would interest the private sector, have been established. These include cotton spinning, handicraft, leather tanning, leather craft, hot pepper and woodworking projects.

Special Industrial Incentives

The Manufacturing Sector can benefit from a number of incentives to industry offered by the Montserrat Government. These include:

- (1) Duty-free importation of machinery and equipment
- (2) Duty-free importation of raw materials and semi-processed goods
- (3) Tax Holiday up to 15 years depending on Local Value Added
- (4) Free repatriation of registered capital
- (5) Free remittance of profits and dividends
- (6) Free re-export of equipment
- (7) Government is also prepared to examine individual requests for assistance with training costs, based on clearly established need for such assistance

Guarantees

Speedy processing of work permits for managerial and technical staff is guaranteed.

Incentives to Hotel Investors

In the Hotel Industrial Sector, the concessions granted include tax holidays; duty-free importation of all building materials, machinery and equipment; and unimpeded repatriation of dividends. The benefits available to hotel investors are considerable, for the Montserrat Government is committed to the development of a vibrant tourist industry. To this end it has obtained a Trislander aircraft which provides supplementary services in and out of Montserrat, and guarantees speedy connections to the island.

A climate conducive to industrialization (which holds good prospects for the future of Montserrat) is being developed.

You too, should take advantage of the industrial opportunities available in Montserrat. Your entrepreneurial skills combined with our local resources can serve a vital function in structuring our Industrial Programme along a path of sustained growth to our mutual benefit.

JOINT VENTURE PARTNER SOUGHT FOR INDUSTRIES IN MONTSEERRAT

Matches

- i Regionally approved Project
- ii Technical feasibility and Market Survey completed
- iii Supplies of match sticks available from local forestry resources
- iv Total investment estimated at U.S.\$600,000

INDUSTRY



AGRICULTURE

TOURISM

Household Plastics

Buckets, Tubs, Basins, Plates, Cups and Cutlery etc. Market in the Caribbean region estimated to be U.S.\$1-2 million. Likely to grow with local production.

Rights for a protected market in the sub-region being secured. Capital involvement considered of the order of U.S.\$500,000. Technical feasibility will be undertaken with the assistance of foreign partner, who is expected to bring in know-how and engineering technology.

Manufacture of Tapes and Cassettes

Negotiations are in hand for setting up a magnetic tape and cassette assembly industry in Montserrat; type C-60. Capacity aimed at 6 million units on a one shift basis; and 12 million on a two-shift basis.

Total investment estimated at U.S.\$2 million.

Investment partner required.

A copy of the Project profile will be made available to prospective partner.

Electronics Assembly

Electronics Assembly facilities have been set up in Montserrat with the assistance of the Government, employing 250 people.

Existing facilities can accommodate a work force of approximately 900.

Labour intensive operations can be performed at our facilities at relatively low prices.

Activities include:

- (a) Printed Circuit Board Assembly
- (b) Stator Core Assembly
- (c) Wire Harnessing
- (d) Consumer items such as Radio and Stereo Components

Assembly, Transformers, Electric Fans, Calculators, etc. The electronic operations work with Standard equipment and Tools. Any equipment which is unique to a specific project should be supplied by the customer, as well as in-plant training for such a project.

The technical personnel in our electronic assembly are fully qualified to do your electronic assembly work on a contract basis.

Hot Pepper Processing

Facilities have been established to process 80,000 lbs hot peppers, per month into red pepper paste. Capacity exists for expansion.

Our objective is to manufacture the final product, pepper sauce. Joint-venture partner required, with an established brand name who is expected to provide the technical know-how.

INTEGRATED LEATHER INDUSTRY

Tannery

Tannery already established in Montserrat. Tanned leather used by local leathercraft operation, and surplus exported to neighbouring islands.

This is the only tannery in the Eastern Caribbean, and, therefore, needs to be expanded to meet the requirements of leather of a shoe factory and leathercraftsmen.

Joint-venture partner required with experience in tanning and available finance. Present investment of the order of U.S.\$300,000.

Leathercraft Industry

Small tannery already in operation in Montserrat, and this could meet the needs of a commercial leathercraft operation.

A nucleus of a leathercraft unit already exists which has to be modernized and developed for the production of leather goods.

Joint-venture partner required with specialized design know-how and established market.

Garments

A Company for manufacturing garments, mainly T-shirts and light clothing has recently been registered in Montserrat. In the initial phase, 80 machines are being installed.

The Factory shell building is expected to be completed for occupation by April/May, 1980. The scope for expansion of the factory would allow for the installation of about 200 machines.

Joint-venture partner required with experience in the manufacture of, and with established market in specific types of garments.

If you are interested in finding out more, write to—

Department of Industries, Chief Minister's Office, Government Headquarters, Plymouth, Montserrat, W.I.

MONTSERRAT II

Economy vulnerable to outside factors

THE PERFORMANCE of Montserrat's economy over recent years illustrates the vulnerability of the island to forces beyond its control.

Real growth in gross domestic product recovered to 5 per cent last year, and is expected to continue this year. But only three years ago the combined effects of drought and the hangover of the 1974-75 oil price recession in the developed world brought a 5 per cent decline in GDP.

In 1977 the demand for villas and apartments slowed, and the resulting slump in construction, the island's main industry, had a drastic effect on the economy as a whole.

GDP remained depressed in 1978, since a modest recovery in construction was offset by the continued decline in agriculture. But last year the winds of fortune chose to blow favourably for Montserrat. The American University of the Caribbean produced the biggest building contract in years, supplemented by the revival of demand for retirement homes and a heartening increase in tourism.

Despite the increase in earnings from tourism, however, the island's current account deficit shot up from 43 per cent of GDP in 1978 to an appalling EC\$20m, which was 60 per cent of GDP.

Deficit mounting

This was due to a sharp rise in imports of equipment and building materials for the construction industry, but in any case the visible trade deficit has been mounting steadily for years, apart from a brief dip in 1977.

Last year the gap between imports and exports, including re-exports, widened to EC\$25m. The deficit was financed by direct foreign investment and Government aid.

The cold numbers would lead one to expect scenes of widespread poverty on Montserrat, but that is far from being the case. GNP per head was determined in 1978 at US\$920, the third highest in the eastern Caribbean, after the much more richly endowed islands of Trinidad and Barbados.

The brisk trade in brand-new Japanese cars, imported liquors, clothing and electrical goods is by no means confined to the foreigners who have taken up residence on the island. Even the humblest villages have a sprinkling of homes which approach the standard de-

manded in the holiday villas market.

The answer to this mystery, in a word, is remittance money. There are no official figures for the number of Montserratians living abroad, but it is believed to be well over half the number who have stayed on the island. Britain alone is thought to have about 4,000 to 5,000 immigrants from Montserrat.

If the number of overseas-based Montserratians is difficult to ascertain, the amount of money they send home is even harder to estimate, since the taxman might be listening. A very rough guess for 1979 might be in the region of EC\$12m.

Remittances distort the statistical picture in that they permit many of the island's inhabitants, particularly the old, to live half in and half out of the cash economy, growing their own food requirements and supplying their cash needs from abroad.

Montserrat's infrastructure also belies any impression of straitened circumstances. All the important points on the island are connected by paved roads, and will be when the St. John's-Trans road is completed. There is an excellent telephone system, with direct dialling to Europe and North America. The electricity supply, with the recent addition of generating capacity, is more than equal to the island's requirements. Although a need exists for irrigation facilities to combat Montserrat's periodic droughts, there are ample quantities of water.

External transport poses some difficulties, however. The Government is contemplating the extension of Blackburne Airport to take larger aircraft, but the alignment of the runway means that a good deal of mountainous land would have to be removed; one's arrival in Montserrat is memorable for the way the aircraft flies straight at a cliff before banking sharply to make its approach.

Harbour facilities at Plymouth have improved considerably in recent years, with the construction of a jetty capable of accommodating large ships and the provision of roll-on-roll-off handling. The container facility has been out of action since Hurricane David, however, and urgent priority is being given to repair work.

But these facilities exist mainly for the convenience of importers. There is a stream of empty containers leaving Mont-

BASIC STATISTICS

Area	39.6 sq miles
Population	12,000
GDP	EC\$33.3m
Trade (1978):	
Imports	EC\$26.9m
Exports	EC\$1.9m
Re-exports	EC\$1.8m
Imports from UK	EC\$8.8m
Exports to UK	EC\$617,972
Currency:	
East Caribbean dollar	£1 = EC\$6.15

serrat for the U.S., Europe, and points further south in the Caribbean. The island may be able to fill more of them if plans to upgrade agriculture, including the cultivation of less perishable foods, are successful.

But the small size of the island's exports has made it uneconomical for ships to make regular calls. The last scheduled freighter stopped five years ago, and the authorities have tended to look for operations producing small, high-value goods that can be shipped out by air.

The constraints on exports mean that there is probably more to be gained from a drive to substitute imports. Again the agricultural sector needs to do more, particularly to correct the heavy imbalance in food trade.

Canning plant

The Government is studying the feasibility of a canning plant to cut down on the high imports of tinned food, including many items that are already grown on the island, but which cannot be preserved.

A range of import duties and consumption taxes have been in existence for some time in an attempt to reduce imports of cars, spirits and luxury consumer goods, but Montserrat has little defence against the crippling rise in the price of imported fuels.

Although the price of petrol has been raised steadily, and almost monthly this year, it still costs only EC\$4.84 a gallon at the pump—expensive by North American standards, but well below the British price.

The Government's reluctance to pass on the full cost of petrol to motorists has led instead to an effort to conserve fuel by closing garages on Sundays, but this seems to have had little effect.

A search is on for alternative energy sources. The island might be able to make use of the easterly winds that blow almost all year round, but some of the technical difficulties of producing significant amounts of electricity from windmills have yet to be solved.

It might be more feasible in the short term to obtain energy from Montserrat's hot springs, and the Government is seeking funds from Britain and the U.S. for geothermal exploration.

The island's dependence on imports also makes it hard to control inflation, which has rarely fallen below double figures in the 1970s. Last year the rate accelerated sharply to 18 per cent.

Given the structure of the economy, the looming downturn in the member countries of the Organisation for Economic Co-operation and Development gives little cause for optimism. Remittances, construction, tourism and even foreign aid are all likely to suffer, as conditions in the industrialised world get worse.

The Government has high hopes of developing Montserrat as an offshore banking and financial centre, an idea that was first mooted a decade or more ago but which was left in abeyance.

The revival of the scheme has resulted in about a dozen offshore banks being licensed this year, but the authorities are proceeding with caution. The United Nations Development Programme has been asked to help with a detailed review of the island's banking and financial legislation; among the issues which must be resolved are the foreign exchange levy and the applicability of company tax.

The Government, which also hopes to attract insurance business, is aware that would-be operators must be carefully screened if Montserrat is to avoid the bad name that other islands have gained. The authorities were lucky to escape relatively unscathed last year from a brush with one character claiming a knighthood unchronicled in any of the standard reference works.

The state of public finances is relatively healthy at the moment, since the growth experienced in 1979 led to a fairly sharp rise in revenues. This enabled the Government to absorb a 50 per cent pay increase for civil servants, whose salaries had been frozen for nearly five years.

The growth in revenues is expected to continue in 1980, easing the progression towards elimination of the annual British grant-in-aid to balance the budget.

Difficulties

Some difficulties may be encountered further down the road though. Public sector revenues are just as subject to international economic conditions as the rest of the economy, and although the Government has faced the fact that a tight check must be kept on social expenditure, this resolve may weaken as the next elections approach.

It is difficult to adopt Thatcher-style policies on an island where almost everyone knows almost everyone else, and where a citizen with a complaint will insist on airing it in the Chief Minister's office.

The Government has projected annual growth of 3.3 per cent in its economic plan to 1983. This is an ambitious target, and will depend a good deal on the implementation of the public sector investment programme.

Government struggles to give farmers a decent living

AGRICULTURE is the one sector that offers Montserrat a degree of economic independence in the years ahead, but so far many hopes have been invested with little return.

The Government has been waging a long struggle to push the island's farmers above subsistence level. The five-year agricultural plan drawn up for the period 1979 to 1983 shows that the authorities have no illusions about the problems they face: that, at least, can be seen as a hopeful sign. The difficulties are those confronting any developing country, but there are a few pertaining to Montserrat alone.

For a start, only a third of the island's 39 square miles are cultivable. This makes economies of scale very difficult to achieve, and means that a high degree of investment is needed in proportion to the number of farmers and the area of land involved.

Farming as a way of life has become a victim of rising aspirations as well. Agriculture is widely regarded in the Caribbean as demeaning, and has proved unattractive to the more enterprising and ambitious Montserratians, who see better pay and prospects in the hotels or the retail trade.

The exodus from the land—frequently from the island altogether—has left Montserrat with an ageing farming population. Most farmers are over 60, and the average land holding is less than five acres.

The consistent decline into subsistence agriculture has made the island heavily dependent on imported food. In 1978, the last year for which detailed figures are available, food represented almost a quarter of all imports. The gap between imports and exports in food was nearly EC\$6m—a huge deficit for such a small island.

A whole host of problems needs to be overcome more or less simultaneously for this position to be remedied. Younger, more vigorous, men must be attracted back to the land, but for that to happen they must be reasonably assured of a decent living, and that in turn requires resolution of the land tenure question.

Estate system

The present state of agriculture has its roots in the estate system, dating from the first settlements in the 17th century. After sugar began to decline in importance more than 100 years ago, its place was taken by limes, then by sea-island cotton.

The decline in turn of cotton led to the collapse of estate agriculture and a mass migration from the land. In the two decades following 1952 the population of Montserrat fell by about 20 per cent from 15,000 to 12,000. The area of land under cultivation contracted even more sharply, by about two-thirds to 5,860 acres in 1972.

Through all this, however, land ownership remained concentrated in a few hands. The present Government has inherited a situation in which there had been virtually no capital investment in agriculture for 20 years. Insecure tenant farmers were unwilling to venture anything, and the rise of the retirement and holiday villa market encouraged owners to hold on to unproductive land for speculative purposes.

The projected investment of \$EC\$5.5m is divided as follows: agriculture 12 per cent, industry 22 per cent, tourism 10 per cent, transport, power and communications 26 per cent and social expenditure 30 per cent. All but a tiny proportion will have to be found overseas.

So far the Government can expect to raise nearly \$EC\$26m of this sum, with \$EC\$10.1m already firmly committed. Improvements in the implementation of projects will be needed, however, if the targets are to be met.

The current Budget provides for development fund spending of \$EC\$6.3m in 1980, of which the lion's share—\$EC\$5.4m—will be provided by Britain. Most of the rest is being met by grants from Canada and the European Development Fund. The Government is looking for aid commitments to finance another \$EC\$6.6m of development expenditure this year.

It is clear that Montserrat will not be able to borrow on the international markets in the foreseeable future—the island finds it hard to meet even the concessionary terms offered by the Caribbean Development Bank.

But as the colony has widened its search for potential donors, the burden to Britain has remained relatively constant, and the money is surely worth it for the good will it produces.



These fishermen at Carr's Bay use the traditional seine method, but their sparse catch indicates the need to invest in more modern means

Message from

JOHN A. OSBORNE

CHIEF MINISTER MONTSERRAT

Dear Reader,

The decade of the seventies brought with it economic developments, world-wide, which seemed make the world a smaller place. Certainly in terms of new areas of investment and cost of new ventures. Political unrest, on an almost global scale, has changed the climate for investment, as well as relaxation vacation, in many of the traditional places. Not so in Montserrat.

Montserrat, a British Colony, with stable democratically elected government, lies about 260 miles South-east of Puerto Rico and 27 miles South West of Antigua. Our population of 12,000 is reputed to be among the most hospitable in the world. We in Montserrat continue to maintain a policy of encouraging foreign investment, while guaranteeing, at government level, the freedom of the investor to repatriate all capital, dividends, profit and earnings from this enterprise.

Industries established here in Montserrat are entitled to up to 15 years free from taxes on profits, and losses during this tax-holiday period can be carried over to the following tax years. Raw material and machinery needed for industry may enter the country duty free.

Reciprocal tax relief agreements exist between Montserrat, the United Kingdom, the United States of America, Canada and many other countries.

There are five flights a day between Montserrat and Antigua, where most major airlines provide service using Antigua's jet airport facilities, and a modern deep-water harbour accommodates large ocean-going vessels. The average business will find adequate service of high international standard provided by the Montserrat branches of Barclays Bank International and the Royal Bank of Canada.

Having said all this, it remains only for you to come visit with us, or request further details from my office, located at the Government Headquarters, Plymouth, Montserrat.

We look forward to a partnership with you.

Yours sincerely,

JOHN A. OSBORNE

Chief Minister.

WHO KNOWS THE CARIBBEAN BEST?

If you are interested in Montserrat you will want to know a lot more about what's happening elsewhere in the Caribbean. As you may have already discovered, it's not easy. That's where Caribbean Insight comes in.

Insight is a unique monthly economic and political newsletter covering all the islands and countries that make up the Caribbean. It is non-political and carefully differentiates fact from informed speculation.

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Please address all enquiries to: The Managing Director, M. S. Osborne Ltd., P.O. Box 267, Plymouth, Montserrat, W.I.

MONTSERRAT III

Tourists find an escape from the pressures of modern life



Tall palms shade the cottages of one of Montserrat's principal hotels, overlooking Isles Bay



A rusting cannon, peering out from the ruins of a fort on Montserrat's west coast, testifies that the island was not always as peaceful as it is today



A conventional "sun, sand and sea" picture—except that Montserrat's volcanic origins mean that most of its beaches are black

THE ATTRACTIONS of Montserrat are something that many of its visitors would like to keep secret. Each year they return—one couple I met were at their eleventh annual visit—eager to assure themselves that the package tour operators are not about to shatter the island's tranquillity.

They have little to fear. The authorities unanimously reject what they call "Montego Bay" tourism, to which Montserratians imply a high-rise hotels, low morals and wide-bodied jets. But Montserrat cannot afford to ignore the benefits of tourism. From modest beginnings about 20 years ago, net revenues grew to about £24.4m (£715,000) last year—roughly 13 per cent of the island's gross domestic product.

Building villas for holiday-makers and retired people has made construction the island's most important industry, creating much-needed employment in the process.

Last year 14,405 tourists visited Montserrat. This apparently minute figure must be seen in proportion: it is more than the island's permanent population. It also does not include the many villa owners who have acquired resident status.

Although more visitors—5,350—arrived in 1978, the decline was almost entirely accounted for by the drop in the number of cruise ships call-

ing at the island. The number of longer-term visitors continued to show an upward trend.

About half of Montserrat's visitors came from the U.S., with tourists from other parts of the Caribbean accounting for another quarter and most of the rest divided between Canada and Britain, in that order.

What brings them to Montserrat? As one official report coldly pointed out, the island has few sandy beaches, little night life, no casinos, and shopping facilities which are limited to put it kindly.

Those were precisely the attractions cited by respondents to my informal survey. What they wanted was a complete retreat, in agreeable surroundings, from the pressures of modern industrialised life. (The pressures they sought to escape were demonstrated by the fact that several were senior executives of Fortune 500 companies.)

Those who had "discovered" Montserrat after visiting other islands were quick to comment on the absence of hostility to outsiders, probably because the destitution and squalor conditions that can be found elsewhere in the Caribbean are also absent. The beaches may be few, but they are attractive, and even on a blazing Sunday afternoon they are far from crowded. Night-life is limited to a handful of

bars and restaurants, and a weekly barbeque with steel band at the Vue Points hotel. The 747 Disco in Plymouth promises "unlimited entertainment"—a claim I did not investigate.

It follows that the island is more likely to attract the older holidaymaker. Since a low volume of high-income tourists is precisely what Montserrat needs, the tourist board wisely lays stress in its promotions on the colony's old-fashioned atmosphere and hospitality.

Friendly

The natives are indeed friendly. Despite the steady growth of foreign tourism, you are always asked whether this is your first visit, and if so, what your impressions are. A drive through the island is a procession of greetings from passers-by, who wave, and oncoming drivers, who flash their lights, too their horns, or wave—sometimes all three.

Official reports do not include descriptions of natural beauty, either, which in Montserrat's case is a significant omission. One is immediately struck by the island's dramatic appearance, with lush greenery over steep volcanic peaks. The 3,000-foot summit of the tallest, Chances Peak, is nearly always hidden in cloud.

The sharp elevations produce a surprising variety of landscapes and vegetation in such

a small island. The highest summits are clothed in rain forest, while at sea level several varieties of cactus grow. The mountain slopes have the most fertile soil, and crops of vegetables mingle with trees producing such edibles as mangoes, limes, cashews and bananas.

Montserrat is well-endowed with springs, producing streams which fall precipitously to short alluvial plains before reaching the sea. As with any self-respecting tropical paradise, the island has palm trees in profusion, although the locals prefer the short variety, which do not demand the skills of a mountaineer to pluck the coconuts.

Montserrat's volcanic origins produce one or two surprises for the visitor. Nearly all the beaches are black rather than blond, but this makes little practical difference. The southern part of the island has volcanic springs which belch sulphurous clouds, killing the surrounding vegetation, and give off streams of hot water. The most accessible, Galway's Soufriere, presents a lunar landscape coloured by lemon-yellow sulphur deposits and crystallised salts. The stream issuing from the soufriere falls 200 ft further down its course; another popular sight, although here, as in other aspects, the island does not cater for the tourist who demands easy access to his pleasures.

The soufriere is a 20-minute walk and scramble, during which the visitor must be careful to avoid slipping or being scalded. The waterfall is 45 minutes from the nearest road.

Those who are unruffled by the thought of a 45-minute walk to see a waterfall will probably also be interested to know that Montserrat has facilities for tennis, scuba diving and sailing, and one of the best nine-hole golf courses in the Caribbean.

Those more interested in culinary adventures should try "goat-water"—a stew which is tastier than it sounds—or "mountain chicken", which turns out to be frog's legs.

December is the busiest month for tourist arrivals in Montserrat. The week between Christmas and New Year is the occasion for the annual carnival, with parades, steel bands and "jump ups", proliferate. The season continues to mid-April.

The island is now trying to smooth the seasonal fluctuations in tourism by attracting more summer visitors, particularly from Switzerland, Germany and the UK. Since the maximum variation in temperature is only 5 degrees Fahrenheit around an annual mean of 80°F and the constant easterly winds keep down the humidity, the idea of a "season" is somewhat artificial.

The equable climate and the island's political stability made Montserrat the choice for an American company seeking to build retirement homes in

the Caribbean nearly 20 years ago.

Although the company now concentrates on managing its development at Old Towne, private villa construction has continued ever since. Its importance to Montserrat's economy was underlined when the effects of the 1974-75 recession in North America and Europe finally filtered through to the island three years ago. The marks of inflation are still to be seen in the prices of land and building, and in the rents demanded. Although quarter-acre sites can be had for U.S.\$3,000, half an acre in the prime East Coast districts of Old Towne and Woodlands will fetch up to U.S.\$20,000.

Seller's market

The cost of building materials and labour have risen to the point where a two-bedroom villa with two bathrooms will set you back about U.S.\$30,000.

A seller's market has reappeared in property after some levelling-off in recent years. Homes with two bedrooms and two bathrooms are being advertised for around \$100,000, although prices vary considerably from one area to another. One luxury home on large grounds recently changed hands for \$215,000.

Five years ago off-season villa rent began at about US\$ 100 a week; now one can expect to pay at least \$175. A large villa with a swimming pool and a view will cost about \$300 a week

in summer, although rents can range as high as \$650.

Prices usually include maid service five days a week, and all but the most modest villas are likely to have a pool. Rents in the winter high season are about 50-70 per cent more.

Despite the increases of the past five years, these rents compare well with Europe, and the standard of accommodation is at the North American level.

The mainland passion for condominiums has reached Montserrat with the construction of a number of units on Richmond Hill. Several more are planned in different parts of the island.

The authorities are aware of the dangers of overdevelopment, however. A zoning system has been introduced to prevent uncontrolled villa construction and land subdivision.

The Government is pursuing a cautious development strategy of its own. The number of hotel bedrooms on the island has remained static at about 150 for several years, and only half of these are up to international standard.

Since efforts to interest the American hotel chains have failed, the Government is carrying out a feasibility study, funded by Canada, for the establishment of a hotel resort complex at Little Bay, in the North-West. Plans include a yacht marina, condominiums and a golf course. The creation of a duty-free shopping area in Plymouth to

lure back the cruise ships and the promotion of Montserrat in Europe as part of a multi-centre holiday are also being considered. The possibility of a health spa at one of the island's hot springs remains to be explored.

The most urgent priority, however, is to improve access to the island. For years tourists have complained of the inefficient and erratic service between Montserrat and Antigua's international airport provided by LIAT, the Leeward Islands airline.

The provision of an 18-seat Trilander aircraft by Britain was intended to be the foundation of a shuttle service between the two islands, but delays persist and the provision for baggage is inadequate. In peak season there are not enough seats, and it is not unknown for tourists to wait two or three days for their suitcases to make the 20-minute crossing from Antigua.

Although the number of seats on the route has not increased with the arrival of the Trilander, the number of flights has, which means passengers no longer have to rise at 3.30 am to catch the morning flight to Montserrat.

LIAT's booking system remains slow, however, and plans are under way to book into the British Airways computer at a cost of U.S.\$ 500,000. If the money can be found, LIAT reservations may be computerised by the end of next year.

Government hopes to develop labour intensive industries

"IF YOU are aged between 18 and 40 and would like to earn high pay, you are the type of person we are looking for. It doesn't matter if you are skilled or unskilled, male or female, so long as you are prepared to travel."

That advertisement recently appeared in the weekly Montserrat Mirror, the island's only newspaper. It illustrates the powerful pull of emigration with which the authorities have to compete in their attempts to attract jobs to the colony.

It would be grandiose to describe Montserrat's search for foreign investment as "an industrial development strategy." The tiny extent of the island's population and resources make such terms inappropriate, not to say superfluous.

A look at the list of Montserrat's principal manufactured

exports shows a curious collection of items, determined more by the vagaries of international demand and the sheer chance of a foreign investor happening along than by any overall plan.

The list is headed by first-day covers sold to the world's stamp collectors, to the tune of nearly £250,000 in 1978. Useful though this income may be, however, it does little to create jobs.

But the pre-eminence of philately is now being threatened by the recent establishment of two plants assembling electronic components for re-export. The pocket calculators, push-button games and transistor radios bought by Americans are kept in just over 100 Montserratians in full-time work, and another 100-odd in casual employment.

The only other single exports which earn more than \$100,000

a year for the island are manufactured sand and snelled fish bones. The most venerable "enclave industry", however, must be Montserrat's tyre retreading plant, which imports used tyres from the UK and exports recaps to neighbouring islands.

The government is seeking foreign participation in several labour-intensive ventures. Britain has approved a loan of £250,000 to set up a garment-making operation, employing more than 60 people. The plan is to import the cloth and export the finished article, and the plant is hoping to benefit from an American aid programme which supplies out material and assures a market for the garments.

The government is also beginning a joint investment with a Canadian firm to manufacture flour sacks, tarpaulins and plastic bags from natural and artificial fibres.

Preliminary work has been done on a number of other projects, including the production of household plastic goods like plates and basins, matches, tapes and cassettes, and the assembly of solar heating panels.

Montserrat offers generous incentives to investors, including duty-free importation of equipment and raw materials, a tax holiday of up to 15 years and unrestricted repatriation of capital, profits and dividends.

However, many other Caribbean territories offer similar terms. Although Montserrat has a relatively sophisticated, well-educated work force, there is a corresponding loss of wage competitiveness. And, apart from the electronics assembly and the future garment-making operations, foreign-based industries usually do not offer more than a handful of jobs. With few exceptions, too, the enterprises set up have tended to favour women rather than men.

Only one needed

The scale of Montserrat's needs, however, are such that one really successful labour-intensive industry would be sufficient to eradicate unemployment.

The Government is hoping to find the solution in what it terms "agro-industry." The two operations on which it is concentrating are the processing of hot peppers—already a going concern—and the production of finished goods from locally-grown cotton.

Success in these fields would have the added attraction of making Montserrat less dependent on the whims of far-away directors and shareholders—

always a danger with enclave operations.

Despite this, the Government needs foreign investment in its "agro-industry" as well, not only because it does not have the capital, but also for the marketing expertise which the island lacks.

The hot peppers operation is a case in point. While the island makes a respectable income exporting crushed peppers to a sauce manufacturer in Trinidad, it hopes to produce its own brand eventually, and is looking for a foreign partner with an established brand name.

But the Government has the highest hopes for job creation in its plan to develop an integrated cotton industry, using skills which the island has always possessed. If a success, the industry could provide full-time jobs for about 150 people, and part-time work for another 100.

Air transport

If goods of sufficient quality and value can be produced at the end of the production process, it would be possible to ship them out by air, thus avoiding the problems of the island's irregular sea communications.

The small amount of cotton now being spun is used to supply Montserrat's handicraft industry and a modest weaving operation, set up with a dozen looms donated by India.

These processes are about to expand. Negotiations are under way for a development loan of £250,000 to buy an industrial spinning machine, and the Government has a 20 per cent stake in a small machine-knitting project.

The real boost to employment will come with the donation of another 120 looms by Canada, which will equip Montserrat to export such domestic market products as shawls, place mats, skirt lengths and handbags. The first examples, on sale in the Government handicrafts shop, display a high quality of workmanship and taste.

One more industry remains to be mentioned, and it contains a warning for the Government as it embarks on the cotton project. The island's tannery is the only one in the eastern Caribbean, but it has proved too large for the domestic market and too small to supply the needs of its main potential client, the shoe factory on nearby St. Kitts.

After many vicissitudes, last year the tannery was given a new injection of Government cash and new equipment, but its viability must still be in doubt.

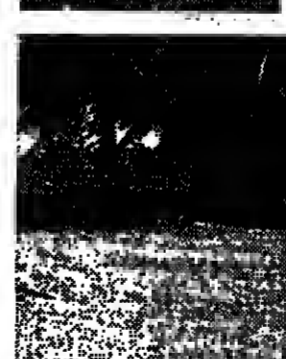
The Caribbean

The way it used to be

A sentry on Guard at Government House



View Points Hotel beach



Golf—Belham River Valley Golf Course



Museum—set in an old sugar mill

In discovering the island paradise of Montserrat, Christopher Columbus preceded you by almost 500 years. Montserrat is pretty much the same today as when it was discovered in 1493, except perhaps for... exotic villas, a 100-acre 9-hole golf course, cabana-style accommodation. You can get to Montserrat from Antigua in fifteen minutes. Antigua itself boasts a jet airport served by most major airlines.

When you see Montserrat, you see the Caribbean the way it used to be. Villas—not highrise hotels. Pure mountain air—not smog. Stable politics—not tension. Leisure—not bustle.

Temperatures range from 70°F—88°F all year round, and the landscape is as enchanting as our beautiful beaches and bays where swimming is quite safe and where you can be alone and undisturbed. Most beaches are a delight and a surprise to people who have never seen black sand.

The active sports enthusiast may golf at the Belham Valley Golf Course, reported to be one of the finest in the Eastern Caribbean, or... play tennis, in brilliant tropical sunshine, at dusk, or on floodlit courts.

For the nature lover and hiking enthusiast, brilliant red and orange blossoms of flamboyant trees shine through miles of bushy trails. The natural habitat of the iguanas and mountain chicken—both native delicacies. The Great Alps Waterfall and the Galways Sulphur Springs provide yet two more unique attractions.

Seekers of the exotic must visit the "Groves" Botanical Gardens to see the YLANG YLANG Tree (CAMANGA ODORATA), also known as the perfume tree.

Montserrat is small, old-fashioned and tranquil. Its people are among the friendliest in the world as is evidenced by their welcoming smiles. In fact, Montserrat is "the Caribbean the way it used to be." Come visit with us. Further details will be willingly supplied by

The Montserrat Tourist Bureau
P.O. Box 7 Plymouth, Montserrat, West Indies

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Worries about economy cloud equity leaders again

Gilts follow sterling down as foreign demand fades

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Adversely affected by yet another survey on the UK economic scene, this time from the CBI, which warned of declining prospects for manufacturing companies and of a sharp fall in output, London equity markets continued on a downward path yesterday.

British funds also turned easier when yesterday's reaction in the pound caused a lull in foreign investment demand; the latter had been primarily responsible for exhaustion of the authorities' remaining supplies of medium term stock on Tuesday.

Domestic profit-taking aided the downturn which left long-dated stocks showing falls ranging to 3. Late in the day, however, following indications of a further reduction, perhaps to 13 per cent, in a U.S. prime rate, the trend became steadier. Lists open and

close this morning for the new low-coupon Treasury 3 per cent 1985 stock.

Business in the industrial leaders was on an extremely modest scale, but with potential investment demand stifled by increasing worries about UK manufacturing prospects for the future. As a result, the FT 30-share index drifted lower to close 3.4 down at 416.6 for an uninterupted fall of 23.4 over the last nine trading days. Awaiting today's preliminary results, Beecham held relatively steady at 108p and Conitranals, annual results also due today, closed without alteration at 69p.

Secondary issues tended to catch up with the recent fall in the leaders and some sustained above average losses. Speculative interest subsided and the recently lively oil sector had one of its quietest days for some time.

Antofagasta was the sole feature of Foreign Railways and following a renewal of the recent buying interest from one source, closed 4 points up at a peak of 274.

First-half profits deemed slightly disappointing caused Basco to fall steadily and end 5 lower at 217p. Other leading Breweries tended easier in sympathy. Allied shed a fraction to 74p, while Scottish and Newcastle lost the turn at 55p. Withhold, which will be quoted ex-dividend on Monday, provided a rare upward movement and closed a penny better at 148p. Greenall Whitley remained dull ahead of today's interim figures, setting 2 off at 178p.

Brown and Robinson were notably dull in Buildings, falling 10 to 138p on the £23.5M rights issue proposal. Lack of interest clipped 4 from Wight Holdings, 53p, and 5 from Wilson (Connolly), 185p, both in thin markets. Travis and Arms eased 4 to 262p, while nervous selling ahead of today's annual results left URM 2 cheaper at 64p. Burnett and Hallamshire, a rising market of late on the company's coal interests, gave up 5 at 509p.

ICI fluctuated within narrow limits before closing at the overnight level of 350p. Fisons, however, succumbed to sporadic selling and lost 5 to 258p. Elsewhere in Chemicals, Brent eased 4 to 140p on the Board's cautious remarks about current trading, but bear closing in front of today's results enabled Arrow Chemical to recover an initial

fall of 4 and close unaltered at 74p.

Concern about current retail sales unsettled leading Stores, although trade was again sparse. GUS A 390p, and House of Fraser, 135p, fell and 4 respecttively, while British Home lost 8 to 264p.

Secondary issues attracted more selling than of late and Moss Bros. gave up 6 at 237p, while W. H. Smith, 132p, and Harris Queensway, 158p, both eased 4, the last-mentioned on further consideration of the chairman's statement at the annual meeting. The Producers, annual results next Wednesday, dipped 21 to 64p, while Polly Peck succumbed to further profit-taking and closed 2 cheaper at 52p. Among easier shoes, Style shed 5 to 150p and the reduced full-year profits clipped a couple of pence of Headlam Sims and Coggins, at 45p.

The pressure remained on certain electrical majors, in particular GEC which fell 5 more to 345p. Plesey closed 6 lower at 177p, while Racal, 236p, and BICC, 111p, both gave up 2. ADCC Press comment clipped 10 from 272p, and 80 per cent, following 245p in a discount market. Revised selling prompted a reaction of 5 to 74p in Carclo, while falls of around 4 were marked against Jones and Shipman, 150p, and Startrite, 48p. Smaller priced issues, mainly note included Tase, 4 cheaper at 23p, and Wombwell Foundry, 2 lower at 18p. RHP eased 3 to 94p, the price and change published in Wednesday's issues were incorrect. Against the trend, revived speculative interest lifted Mining Supplies 4 to 90p.

Tate and Lyle's half-yearly results were considered unexciting and the price finished a net 2 off at 126p, after 130p. Movements in other Foods were usually against holders. Speculative counters Avana, 62p, and Associated British, 63p, added, and 2 respectively, while Danish Bacon A gave up 6 to 104p awaiting news of the annual meeting.

Leading Engineering rarely strayed from overnight closing levels, but selling became more evident in selected secondary issues. Scattered offerings left Ransomes Sims 7 lower at 150p, while B. Elliott gave up a similar amount to 245p in a discount market. Revised selling prompted a reaction of 5 to 74p in Carclo, while falls of around 4 were marked against Jones and Shipman, 150p, and Startrite, 48p. Smaller priced issues, mainly note included Tase, 4 cheaper at 23p, and Wombwell Foundry, 2 lower at 18p. RHP eased 3 to 94p, the price and change published in Wednesday's issues were incorrect. Against the trend, revived speculative interest lifted Mining Supplies 4 to 90p.

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FINANCIAL TIMES STOCK INDICES

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OFFSHORE & OVERSEAS FUNDS

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Iran stays firm on hostages

BY ANDREW WHITLEY IN TEHRAN

THE OPENING yesterday of the new Majlis, Iran's Parliament, failed to provide the hoped-for lead for resolving the crisis of the American hostages. Ayatollah Khomeini, in a speech to the inaugural ceremony read by his son Ahmad, conspicuously ignored the issue, apart from urging the Deputies to "stand up against Satanic powers and fear no one." He has charged the Majlis with resolving the hostage problem, but is deliberately refusing to take sides in the internal political conflicts.

Even more uncompromising were the militant students holding the Majlis, who reminded the Ayatollah in a message over the State radio, that Ayatollah Khomeini had said the hostages should not be released until the Shah and his wealth had been returned to Iran.

A decision to order the release of the 50 Americans on any other grounds would have to be justified to the Iranian nation, they said, and the reasons for the action explained.

While stating that they would accept the Majlis' decision, the

phraseology used in yesterday's veiled warning to the Deputies suggests that the students are reserving the option of appealing to public opinion if they do not achieve their goals.

Western diplomats closely watching yesterday's ceremonial speeches for signs of an olive branch were disappointed. "It is a golden opportunity missed," said one.

Much of the diplomatic effort of recent weeks has been devoted to encouraging President Bani Sadr and fellow pragmatists in the administration to persuade Ayatollah Khomeini to give just such a lead.

At least half of the 200-odd Deputies, who attended the opening ceremony were

turbaned, visible evidence of

President Bani Sadr used the

Iran hostages

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Khomeini's assertion that this was Iran's first Islamic Parliament. Amid the 1930s-style grandeur of the former Senate building where they met, the Mullahs made an incongruous sight.

Sartorial style was set by the President in a dark suit and open-necked shirt, while revolutionary guards in their usual camouflage fatigues ambled casually in the corridors.

Predictably the irrepressible religious judge, Sheikh Kalkhaili, chose the occasion to continue his running public fight with former Premier Mehdi Bazargan. He interrupted the proceedings to criticise the choice of Mr. Bazargan as one of the day's temporary office-holders.

President Bani Sadr used the

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occasion to ram home his current theme of the grave state of the economy and the need to rid it of "foreign dependence"—the jargon used for setting the economy on a firm footing.

Significantly, he appeared to lay the ground for an austerity package of measures, which is expected within the next few weeks, by warning against a state of "false welfare" to meet immediate needs.

A so-called emergency budget is to be introduced in June, aimed presumably at cutting expenditure to match much lower oil receipts. Recent public hints suggested that the massive public sector salary bill may be the main target.

Mr. Bani Sadr also repeated his argument that a Majlis should not divide itself into majority and minority groups—a rejoinder to his rivals in the Islamic Republican Party, who claim the majority of Deputies intend making sure their own views prevail.

In this he was supported yesterday by Ayatollah Khomeini, who said the Parliament, President and Government "should not create obstacles for each other."

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Swiss to tax deposits by 5%

BY PETER MONTAGNON

THE SWISS Government announced plans yesterday to impose a 5 per cent tax on the interest on fiduciary bank deposits—deposits mostly denominated in foreign currencies which are not entered into bank balances.

The move is intended to curb the growth of these accounts. Bankers in Zurich estimate that the growth in foreign fiduciary deposits has exceeded an annual rate of 100 per cent in the first quarter of this year. Last year these deposits rose by 43 per cent to SwFr 79bn (\$20bn).

The deposits are held by the Swiss banks at each customer's own risk, and are re-invested by the bank on behalf of the international money and security markets. Swiss bank secrecy, political neutrality and investment expertise are the chief attractions for the investor.

Recently Dr Fritz Luthi, president of the Swiss National Bank, has expressed concern about the banks' ability to handle the rapid growth rate of fiduciary deposits. Their total is understood to exceed the total foreign liabilities officially booked on Swiss bank balance sheets.

Referendum

Legislation introducing the will be presented to the Swiss Parliament in June. The proposal may be subject to a national referendum.

The Government has rejected a Finance Ministry proposal to impose a 5 per cent tax on interest on foreign Swiss franc bonds and on medium-term placements. This risked stifling capital exports, which have traditionally been seen by the Swiss authorities as an important means of offsetting the balance of payments surplus.

Yesterday's decisions were made in the framework of the present federal savings package, which aims to bring the budget into approximate balance by next year through total savings of about SwFr 1.8bn.

Further new income is to be generated by the imposition of sales tax on energy products, which have been exempt. The rate of the tax is still open.

The Government is also seeking to prune expenditure, both in its own administration costs and by cutting back on transfer and subsidy payments.

Measures against the Soviet Union, however would have a serious effect on German concerns—some 1,500 German companies trade with Moscow and other Comecon countries—and the resulting uncertainty has clouded German businessmen's export plans.

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that the revenues should amount to about \$4.75bn in 1983-84, at 1978-79 prices.

That estimate has been challenged by stockbrokers and some industry analysts as unrealistically low. Phillips and Drew, brokers, reported this month before the latest price increases that 1983-84 revenue might be nearer \$8.25bn at 1978-80 prices and about \$15bn in prices prevailing at the time.

Further price increases may be on the horizon. Ministers of the Organisation of Petroleum Exporting Countries met in Algiers early next month for another round of price negotiations.

In spite of Saudi Arabia's recent attempts to set the "marker" price at \$28 a barrel, the industry expects that Ministers will use the present OPEC average price of around \$30 a barrel as a starting point for the negotiations.

World oil demand next year might be between 4 and 5 per cent lower than in 1979, according to Mr. Bill Thomson, a group managing director of Royal Dutch Shell.

Mr. Thomson told oil analysts in New York that a growth in production by countries that did not belong to OPEC might mean a call for fewer barrels a day of OPEC oil than in 1979.

Continued from Page 1

Sterling slips back

a year in theory reduce the inflation rate by about 2 percentage points. Implying a current year-on-year level of retail price inflation around 24 per cent, compared with the current 21.8 per cent, had the exchange rate not moved.

The modifying effect may however have been less than this. For, according to Whitehall officials many importers who were hit by the fall of the pound in 1976 have switched invoicing for foreign supply contracts towards sterling rather than foreign currencies.

Department of Trade figures show that import prices, in sterling unit cost terms, were

around 20 per cent higher during the three months to April compared with the first quarter last year.

Much of this increase was due to oil price rises. Fuel prices went up by 68 per cent during this period, and the increase would have been higher but for sterling's appreciation against the dollar.

Import prices for food have risen by only 5 per cent, and car prices have actually fallen.

But prices of basic materials have increased by 13 per cent. For manufactured